

18 June 2024

Telecom Plus Plc Final Results



Year ended 31 March 2024

TelecomPlus

Introduction

Telecom Plus PLC - Final Results for the year ended 31 March 2024

“Continuing strong customer growth with record profits and dividend”

Telecom Plus PLC (trading as Utility Warehouse and UW), the UK’s only supplier of bundled household utility services, today issues its final results for the year ended 31 March 2024.

Financial highlights

- 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, slightly above market expectations (2023: £96.2m)
- Adjusted EPS up 9.9% to 109.0p (2023: 99.2p)
- Statutory pre-tax profit up 17.6% to £100.5 million (2023: £85.5m)
- Statutory EPS up 3.8% to 89.9p (2023: 86.6p)
- Net debt to adjusted EBITDA ratio at 0.9x
- Full year dividend up 3p to 83p (2023: 80p) per share

Operational highlights

- The business continues to perform strongly against the backdrop of a normalised energy market, passing the 1 million customer milestone in Q4
- Organic customer growth of 14.1%, taking our total base to 1,011,489 (2023: 886,579)
- Service numbers increased by 328,949 to 3,127,097 (2023: 2,798,148)
- Insurance policies up 38% 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

Outlook

- With our recent strong rate of customer growth continuing into FY25, we are confident of delivering organic net customer growth between 12-14% in FY25
- Adjusted pre-tax profit for FY25 is expected to be between £124m-£128m
- Ongoing favourable environment for recruitment of new Partners, supported by both short and long-term drivers
- Recently strengthened multiservice customer proposition and continuing rational marketplace underpin our confidence in doubling the business to two million customers over the medium term

Stuart Burnett, Co-CEO, said:

“We are delighted to have delivered another year of record customer numbers, record profits and record returns to shareholders - all through helping households to stop wasting time and money. Our unique multiservice model means we can continue to provide market-leading savings and sustainably outcompete within each of our core markets. At the same time, the additional income opportunity we provide to Partners for recommending UW to their friends and family has never been more in demand.

With the business in such good health, and having passed through the 1 million customer milestone, our current rate of growth places us firmly on track to double the size of the business to two million customers over the medium term, with a commensurate increase in profitability and shareholder returns.”

Introduction

continued

There will be a virtual meeting for analysts today at 9.00am, accessible via https://brrmedia.news/TEP_FY24

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About Telecom Plus PLC (“Telecom Plus”):

Telecom Plus, which owns and operates Utility Warehouse (UW), is the UK’s leading multiservice utility provider, offering a wide range of essential household services – energy, broadband, mobile and insurance.

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

Customers sign up through a national network of local UW Partners, who recommend UW’s services to friends, family and people they know by word-of-mouth.

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

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Cautionary statement regarding forward-looking statements

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

Chairman's Statement

I am pleased to report 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 multiservice 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.

Chairman's Statement

continued

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 in the Annual Report.

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% 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 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.

Chairman's Statement

continued

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 multiservice 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 multiservice pricing optimisation, higher service penetration, and improved operating leverage.

Chairman's Statement

continued

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 recommending 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 multiservice 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 multiservice proposition and supporting our Partner community. During the year, we continued to innovate and evolve our multiservice 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. multiservice 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 multiservice customer experience
- Bringing more multiservice 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.

Co-Chief Executives' Review

continued

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.

Multiservice customers

- We continued our focus on acquiring multiservice 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 marketplaces in which we are operating have now matured, enabling our unique business model 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 recommending those savings to 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 multiservice 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 multiservice 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 multiservice 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 multiservice 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 multiservice bundle

We enable customers to choose the essential services they want and bundle them together to create a unique multiservice 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 with our own insurance company, UWI.

Unique structural cost advantage

Our unique multiservice 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.

Co-Chief Executives' Review

continued

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

The key to acquiring new multiservice 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 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 multiservice 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 on-going 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 multiservice supplier, we have been able to offer extremely competitive fixed energy tariffs as part of our multiservice 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.

Co-Chief Executives' Review

continued

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 multiservice proposition to continue to benefit.

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 multiservice 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.

Co-Chief Executives' Review

continued

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 confidently refer to people they know, 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 - multiservice 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 to people they know 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.

Co-Chief Executives' Review

continued

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
Total	1,011,489	886,579

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

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

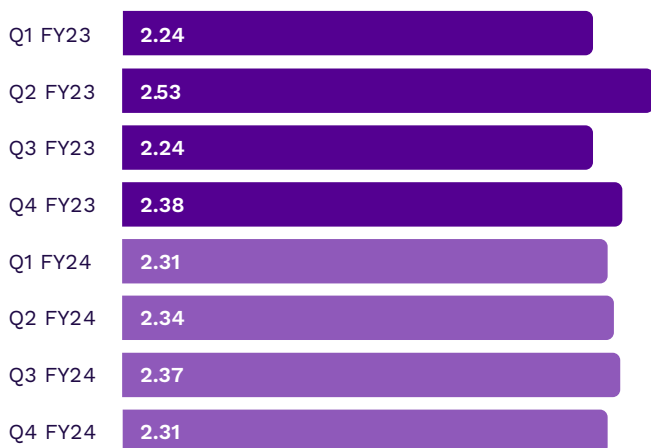
Note: the table above sets out the individual services supplied to customers. Legacy telephony comprises non-geographic numbers (08xx) and landline only (no broadband) services provided.

Co-Chief Executives' Review

continued

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.



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.

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 multiservice customers, including incentives for customers to add additional services during their customer journey.

Co-Chief Executives' Review

continued

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 adviser 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 2 and 3 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 £151.9 (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.

Financial Review

continued

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%
Gross profit	2,039.1	2,475.2	(17.6)%

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.

Financial Review

continued

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).

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 multiservice bundled customer base continues to grow.

Financial Review

continued

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

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.

Principal Risks and Uncertainties

continued

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

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

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

Information technology risk

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

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

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

Monitoring, backing up and restoring of the software and underlying data are made on a regular basis. Backups are securely stored or replicated to different locations. Disaster recovery facilities are 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.

Principal Risks and Uncertainties

continued

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.

Principal Risks and Uncertainties

continued

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.

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.

Principal Risks and Uncertainties

continued

Bad debt risk

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

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

Wholesale price risk

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

Whilst there is a theoretical risk that in some of the areas in which the Group operates it may be unable to secure access to the necessary infrastructure on commercially attractive terms, in practice the pricing of access to such infrastructure is typically either regulated (as in the energy market) or subject to significant competitive pressures (as in 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.

Principal Risks and Uncertainties

continued

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.

Principal Risks and Uncertainties

continued

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 1.5c 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.

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)
Gross profit		355,210	306,196
Distribution expenses		(51,294)	(49,692)
Administrative expenses - other		(151,943)	(129,014)
Share incentive scheme charges		(5,160)	(2,849)
Amortisation of energy supply contract intangible		(11,228)	(11,228)
Total administrative expenses		(168,331)	(143,091)
Impairment loss on trade receivables		(30,712)	(28,675)
Other income		1,377	1,156
Operating profit		106,250	85,894
Financial income		3,482	1,016
Financial expenses		(9,255)	(5,051)
Net financial expense		(5,773)	(4,035)
Profit on disposal of subsidiary		-	3,595
Profit before taxation		100,477	85,454
Taxation		(29,440)	(17,293)
Profit for the period		71,037	68,161
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)
Profit for the period		71,037	68,161
Basic earnings per share	3	89.9p	86.6p
Diluted earnings per share	3	88.8p	85.2p

Consolidated Balance Sheet as at 31 March 2024

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

Consolidated Cash Flow Statement for the year ended 31 March 2024

	2024 £'000	2023 £'000
Operating activities		
Profit before taxation	100,477	85,454
Adjustments for:		
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 in trade and other receivables (including Costs to obtain contracts)	(4,239)	(176,146)
(Decrease)/increase in trade and other payables	(237,460)	323,974
Share incentive scheme charges	5,160	2,849
Corporation tax paid	(26,248)	(20,605)
Net cash flow from operating activities	(132,487)	236,216
Investing activities		
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	(596)
Interest received	3,535	847
Cash flow from investing activities	(8,151)	(10,673)
Financing activities		
Dividends paid	(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
Purchase of own shares	(10,186)	-
Cash flow from financing activities	4,663	(62,098)
(Decrease)/increase in cash and cash equivalents	(135,975)	163,445
Net cash and cash equivalents at the beginning of the year	193,804	30,359
Net cash and cash equivalents at the year end	57,829	193,804

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

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Treasury shares £'000	JSOP reserve £'000	Retained earnings £'000	Non- controlling interest £'000	Total £'000
Balance at 1 April 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
Balance at 1 April 2023	4,003	150,652	107	(5,502)	(1,150)	82,598	-	230,708
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)
Balance at 31 March 2024	4,007	151,553	107	(15,688)	(1,150)	93,802	-	232,631

Notes

1. Revenue

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
	2,039,131	2,475,160

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.

2. Alternative performance measures

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

Adjusted profit before tax and adjusted basic EPS exclude share incentive scheme charges and the amortisation of the intangible asset arising from entering into the energy supply arrangements with npower in December 2013; this decision reflects both the relative size and non-cash nature of these charges. 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.

	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

Notes

continued

3. 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 ('000s)	Number ('000s)
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 ¹	109.0p	99.2p
Basic EPS	89.9p	86.6p
Adjusted diluted EPS ¹	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.

Notes

continued

4. 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.

5. Related parties

Identity of related parties

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

Transactions with key management personnel

Directors of the Company and their immediate relatives control approximately 11.2% 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 in the Annual Report.

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

	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.

Notes

continued

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).

6. Basis of preparation

The financial information set out above does not constitute the Group's statutory information for the years ended 31 March 2024 or 2023, but is derived from those accounts. The Group's consolidated financial information has been prepared in accordance with accounting policies consistent with those adopted for the year ended 31 March 2023. Statutory accounts for 2023 have been delivered to the Registrar of Companies and those for 2024 will be delivered following the Company's annual general meeting. The auditor has reported on these accounts, their reports were unqualified and did not contain statements under the Companies Act 2006, s498(2) or (3).

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.

7. Directors' responsibility statement

The directors confirm, to the best of their knowledge:

- (a) the financial statements, prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole; and
- (b) the Chairman's Statement, Co-Chief Executives' Review, Financial Review and Principal Risks and Uncertainties include a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Notes

continued

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

Charles Wigoder – Non-Executive Chairman

Andrew Lindsay – Co-Chief Executive Officer

Stuart Burnett – Co-Chief Executive Officer

Nick Schoenfeld – Chief Financial Officer

Beatrice Hollond – Senior Non-Executive Director

Andrew Blowers – Non-Executive Director

Carla Stent – Non-Executive Director

Suzi Williams – Non-Executive Director

By order of the Board