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24 January 2023

Yü Group PLC
("Yü Group" or the "Group")

Trading Update

Continued strong momentum

Record-breaking financial performance achieved in FY22 that surpasses market expectations

"I'm thrilled to report a fantastic, record-breaking performance for FY22. While the Board modelled a strong outcome for FY22 we may have underestimated the accelerated contribution our strengthened business would have on the Group's FY financial metrics. Record breaking organic revenues, profitability and forward contracted revenues have all exceeded management expectations. We are now in the fast lane of growth and expect to exceed current guidance that had already been upgraded in March, July, September and November 2022.

Our balance sheet is very strong, with excellent cash conversion and I'm very pleased to report a fourth consecutive year of EBITDA improvement. Cash has also far exceeded management expectations, more than doubling from FY21. Net customer contribution (being gross margin less bad debt) is being managed as we grow. Adjusted EBITDA margin has also dwarfed the 2.1% achieved in H122 (FY21: 1.1%) and as such we have clear visibility of our stated £500m revenue at 4%+ target.

As a consequence of our strong cash generation, management intends to make a modest shareholder distribution in respect of the financial performance achieved in FY22, details of which will be announced alongside publication of the Company's audited results for FY22. In considering the level of dividend management will ensure it does not constrain or hinder our growth ambitions or abilities to take advantage of corporate and other growth opportunities as they arise.

The impact of our "digital by default" transformation has exceeded management expectations in terms of its contribution to margin and efficiency. Our single platform seamless onboarding has created operational leverage alongside opening up additional profitable sales streams. The full impact will become materially beneficial in 2023 and beyond.

I'm pleased to welcome the Yü Smart team to our family, after completing the purchase from Magnum Utilities in May 2022 using cash from our balance sheet. The management have worked hard to achieve, from a standing start, full industry accreditation and the necessary licences to install and maintain metering infrastructure. Yü Smart installed its first SMETs meter in August 2022 and by year end was achieving hundreds of installs a month. As Yü Smart gains national coverage and full operational scale in 2023 it will complement our retail business in contributing significant Group profitability.

As always delivering such positive results takes a huge team effort and I would like to thank all of my team for trusting the Board and believing management's vision. The hard yards continue to bear fruit."

Financial & Operational Highlights

- Very strong operating cash performance with net cash of £18.8m as at 31 December 2022, an increase of £12.0m in the year (FY21: £6.8m).

- Extremely strong organic growth with full year revenue to exceed £275m (FY21: £155m) an increase of over 76% on FY21.
- Adjusted EBITDA margin for the year expected to be significantly ahead of current market expectations.
- Record breaking annualised contracts signed up in year has delivered average monthly bookings of £24.5m (FY21: £13.8m), an increase of 78% in the year. Particularly strong performance in Q4 2022 with average monthly bookings of £48.6m.
- Commercially leveraging a reduction in meter points in favour of better value, better credit higher consumption meters has seen profitable volume growth.
- Continued strong customer service performance, delivered through an improved digital customer journey.
- Hedging strategy has continued to protect the Group from energy market volatility.
- Government's Energy Bill Relief Scheme providing significant support to customers over Winter. Recent softening of forward commodity markets provides some relief for customers, enabling the Group to lock in new contracts, improving visibility for FY23 and beyond.
- National coverage of our smart metering installation services, Yü Smart, now fully operational and expected to scale profitably in 2023.

Outlook

- High organic growth expected to continue in to FY23 and over the medium term.
 - Very strong forward revenue visibility, exiting 2022 with £246.8m of contracted revenue for FY23, up 57% on prior year (FY21: £156.5m for FY22).
 - Further revenue expected as the company continues to sell contracts that will commence during FY23:
 - Management target annualised monthly bookings to continue the positive momentum from FY22
 - Variable and out of contract revenue customers expected to provide further revenue enhancement
- Continued improvement expected in EBITDA profitability for FY23 and beyond, as benefits are realised from our investments in Yü Smart and *digital by default*.
- The Board will, on release of the Company's FY22 results, provide further guidance on the Company's ongoing capital allocation policy given the Company's strong cash generation and growth prospects.
 - The Board currently intend to declare a modest dividend with the view to adopting a progressive dividend policy thereafter, whilst ensuring the Company's growth prospects are not constrained.
 - The Group is currently debt free but will examine the use of leverage to support the growth of our meter asset business which will serve as an annuity revenue stream.

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Information on the Group

Yü Group PLC, trading as Yü Energy, is a leading supplier of gas and electricity focused on servicing the corporate sector throughout the UK. We drive innovation through a combination of user-friendly digital solutions and personalised, high quality customer service. The Group plays a key role supporting businesses in their transition to lower carbon technologies with a commitment to providing sustainable energy solutions.

Yü Group has a clear strategy to deliver sustainable profitable growth and value for all of our stakeholders built on strong foundations and with a robust hedging policy. In 2022 the Group launched Yü Smart to support growth through new opportunities in smart metering and EV charge installation. With a significant opportunity in a £50bn addressable market Yü Group continues to deliver on the medium-term goal of £500m of revenues with an adjusted EBITDA margin in excess of 4%.

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