

24 September 2024

**Yü Group PLC**  
("Yü Group", the "Company" or the "Group")

**Results for the six months to 30 June 2024**

**CONTINUED PROFITABLE GROWTH PROVIDING MATERIALLY INCREASED SHAREHOLDER RETURNS**

Yü Group (AIM: YU.), the independent supplier of gas and electricity, meter asset owner, and installer of smart meters to the UK corporate sector, is pleased to announce its unaudited half-year results for the six months to 30 June 2024.

**Key indicators**

£m unless stated	Six months to 30 June			Twelve months to 31 December
	H1 24	H1 23	Change	FY 23
<b><u>Financial</u></b>				
Revenue	312.7	194.9	+60%	460.0
Adjusted EBITDA <sup>1</sup>	20.4	13.7	+49%	42.6
Profit before tax	19.8	8.9	+122%	39.7
Net cash inflow	56.9	17.7	+221%	13.5
Net Cash	86.8	36.6	+137%	32.1
Earnings per share (pence) (adjusted, fully diluted)	88p	58p	+52%	182p
Dividend per share (pence)	19p	3p	+533%	40p
<b><u>Operational</u></b>				
Average monthly bookings	46.9	51.3	-9%	55.5
Meter points supplied (#'000)	72.3	39.7	+82%	53.4
Contracted revenue:				
• for the next financial year	417	264	+58%	520
• in aggregate	945	557	+70%	826
TrustPilot Score (#)	4.3	3.5	+0.8	4.1
Smart meter installations (#'000)	9.0	4.0	+125%	8.5
Smart meter assets ILARR <sup>2</sup>	0.6	0.0	+0.6	0.2

**Financial performance**

- Revenue increased 60% to £312.7m (H1 23: £194.9m) with strong organic growth in meter points.
- Adjusted EBITDA increased 49% to £20.4m (H1 23: £13.7m), representing a 6.5% margin (H1 23: 7.0%) in line with management expectations.
- Strong net cash position of £86.8m (H1 23: £36.6m). Net cash inflow of £56.9m (H1 23: £17.7m), including return of £49.8m cash on deposit (H1 23: £16.5m outflow) from previous hedging counterparty, and after £10.2m of capital payments through share buy-back and dividends.
- EPS grew 52% to 88p (H1 23: 58p) (adjusted, fully diluted basis).
- In line with our progressive dividend policy, a materially increased interim dividend of 19p per ordinary share (H1 23: 3p) to be paid in December 2024.

**Operational highlights**

- Continued strong organic growth with average monthly bookings of £46.9m (H1 23: £51.3m) and volume of energy supplied to customers increasing by 110% over the period despite more normalised commodity markets following the high prices in 2022 and 2023.
- Commodity hedging arrangements working very well and providing efficient and cost-effective access to gas, electricity and green markets since the February 2024 signing of a bespoke five-year agreement with the Shell group.
- Yü Smart continuing to scale, with 9,000 new smart meters installations in H1 24, up 125% on H1 23 (4,000 meters). New in-house engineering training and excellence centre fully embedded, allowing flexibility to increase headcount quickly as smart meter installations scale. Headcount increased to 101 field installation engineers (H1 23: 25).
- Trustpilot rating of 'excellent' following continued focus on delivery of customer service and shift to digital channels to enable customers to self-serve. Management continues to target further improvement in customer service metrics.
- Recognised for the second consecutive year as a 'Top 100 Best Places to Work' by *The Sunday Times* and promoted to the 'Big Organisations' category.

## Outlook

- On track to deliver continued growth in revenue, smart meter installations, meter points and energy volume supplied in FY24 and FY25 as the Group takes advantage of the £50bn+ market opportunity.
- EPS forecasted to increase in H2 24 (from H1 24), in line with market expectations, as the Group continues to deliver on its strategy.
- Progressive dividend policy provides scope for increased shareholder returns under growth whilst maintaining dividend cover of at least 3x in the medium term.
- Strong net cash position and cash generation, providing additional opportunity including £9.0m early investment (otherwise due in August 2025) of renewable obligation certificates to secure a discount.
- The Board remain focussed on targeting continued growth in revenue, EPS and dividend over the medium term as returns are delivered from the investments made in *digital by default* and Yü Smart.

## Bobby Kalar, Chief Executive Officer, said:

*"Once again, my team has delivered an excellent performance, and I'm in no doubt that this continued momentum will deliver a strong full year performance and further enhance our contracted forward order book. Our simple yet effective strategy to build strong foundations has resulted in the continued delivery of our rapid and sustainable growth."*

*I believe the numbers should do the 'talking'. Revenue is up 60%, adjusted EBITDA is up 49%, cash in the bank up 137%, meter points on supply up 82% and contracted revenue increased by 70%. I'm delighted and rightly proud of the performance of the business against a challenging period of extreme volatility in the market."*

*Yü Smart continues to go from strength to strength. Like all new startups, we've experienced growing pains and building teams who share our values and habits has required management attention. However, I'm satisfied good progress has been made and we have positioned ourselves for significant meter installation growth. Smart meter installations are up by 125% and engineering headcount is up 300%."*

*Our February 2024 new trading deal with Shell Energy remains strong and their mature and collaborative approach is already leveraging opportunities not available to us before. I look forward to further strengthening our relationship."*

*The lack of Institutional engagement has been disappointing, despite management delivering colossal value year on year. Many AIM companies are questioning the market's future and the desirability of remaining listed. This has been reflected in the reduction of quoted companies. The AIM market's future is delicately balanced and won't be helped if the current government*

*further punishes and disincentivises entrepreneurial high growth companies. This lack of recognition is frustrating; however, we remain focussed on delivering FY24 forecasts and positioning the Group for another record-breaking performance in 2025. I would like to thank my fantastic team and in particular the Board who continue to challenge and encourage the executive team."*

#### Analyst presentation

A presentation for analysts will be held at 9.00am today, 24 September 2024, at the offices of Teneo, The Carter Building, 11 Pilgrim Street, London, EC4V 6RN.

<sup>1</sup> Adjusted EBITDA is reconciled to operating profit in the finance review and note 5 to the interim financial statements.

<sup>2</sup> ILARR represented Index-linked annualised recurring revenue from investment in Smart Meters.

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#### Notes to Editors

##### Information on the Group

Yü Group PLC 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 (in a £50bn+ addressable market) and value for all of our stakeholders, built on strong foundations and with a robust hedging policy. The Group has achieved a compound annual growth rate of over 60% over the last four years, and has significantly improved margin and profitability performance. In 2023 the Group launched Yü Smart to support growth through new opportunities in smart metering installation.

## Chief Executive Officer's Statement

### Significant strategic progress

I'm pleased to report a further set of strong results, aligned with our high growth, profitable evolution in a significant market, led by our *digital by default* approach and adoption of smart meter technology and underpinned by our experienced team and robust risk management.

#### *Disrupting the energy supply market*

The Group continues to be recognised as one of the fastest growing suppliers in the business-to-business space, with market share increasing from 1.4% at December 2023 to 1.8%<sup>[1]</sup>. Whilst a modest share of the market today, there remains considerable opportunity ahead to take business from the established and less focussed energy majors.

The 60% increase in revenue to £312.7m, and 82% increase in supplied meter points to 72,300, provides evidence of our progress to date, which is all organic and follows our robust business selection criteria.

Whilst I or my team will not be complacent, I am excited to report we see further opportunities ahead. The Group continues to invest in its customer acquisition activities and is exploring new partnerships and market segments to provide new growth channels.

We exit H1 24 with record forward contracted revenue, with £945m (H1 23: £557m, FY23: £826m) secured under contract to deliver over the coming four years.

With the market opportunity available organically there is limited current focus on acquisitions of customer books, though we will remain open should opportunities become available.

Our *Yü!lity Simplicity* offering allows small and medium sized business customers to access simple, reliable and value for money business utilities. We are passionate in providing this service in a sector where often customers, and third parties,

money business unities. we are passionate in providing this service in a sector where often customers, and third-party intermediaries, can be over-looked.

In short, our already secured contract book, investment in *digital by default* and *Utility Simplicity* approach, in a substantial £50bn+ market, provides me with significant confidence in the opportunity ahead.

### *Scaling our smart metering activities*

Our strategy to develop our internal smart metering capability continues to deliver clear results. Smart meters provide significant benefits to the customer in providing clear energy measurement to facilitate better energy management decisions, and to allow accurate billing of energy supply. These benefits also support the supplier, enabling better energy hedging decisions and allowing the offering to new products or solutions to customers, such as *time of use* or *pay as you go* tariffs.

I'm pleased to note the increase to 9,000 smart meter installations in the first six months of the year, an increase of 125% on the same period in 2023. This growth has been enabled through our investment in our specialist training and excellence centre in Leicester, which provides our metering experts with the technical, safety and customer service training to the *Yü* Smart way of working.

The increase in engineering headcount to 101, from 25 at the end of June 2023, has been facilitated through this new training and excellence centre. The Group now benefits from a national coverage, with productivity efficiencies expected as engineer headcount increases further.

The financial benefits to the Group from the strategy are also starting to become more material. Billing from actual readings, rather than estimates, provides support to cash collection rates from customers. The investment in meter assets is also increasing, which provides an index-linked annuity income expected for a period of 15 years+ as the meters continue to generate revenue irrespective of whether the Group supply the end property.

In H1 24 the Group has invested £1.8m in 9,000 new smart meter assets, which is in addition to the £0.8m invested in FY23 for 4,100 meters. The ILARR from these 13,100 smart meter assets of £0.6m therefore represents an approximate 4.3 year payback on a long-term (15+ year) asset, with an index-linked income stream.

We continue to scale our engineering capability and focus on efficiency of our operations, and whilst we set an ambitious 25,000 full year target for new meter installations during 2024, I am pleased to say that this is still within reach.

### *Continually improving the Group's foundations*

The Board remains focussed on ensuring the Group delivers for shareholders and other stakeholders, and that we achieve controlled and well governed growth.

I was delighted that our investment in people and encouraging a challenging yet rewarding culture has again been recognised in the Times' Top 100 Best Places to Work awards, and this year being categorised as a *Big Organisations* reflecting our increased scale.

It is also very rewarding to see colleagues join the team, and talent develop within the business, who can take advantage of career opportunities that present themselves as the business grows. We have also hired-in significant and experienced talent where appropriate, with new colleagues often flourishing when joining a disrupter business where their proven experience (often from one of the large multi-national competitors) can make a real and tangible impact.

Our TrustPilot score has improved though we continue to evolve further in this area, to provide additional differentiation in our customer positioning. We continue to invest in enabling customer journey improvements to allow our customers the simple approach to their utility needs. Whilst recognising we are not always perfect, the team and I are focussed on continually improving our performance, systems and processes, and learning fast from any mistakes.

The Group's new five-year exclusive commodity trading agreement signed in February 2024 with the Shell group is providing material benefit. The agreement followed a significant period of due-diligence either way, enabling the Group to access efficient, cost and capital-effective access to long term commodity markets, and proving the Group's maturity in operations. This new agreement with Shell is sized to meet substantial growth over the coming years as the Group scales and I remain excited by the opportunity this enables.

Finally, the capital reduction process through the cancellation of the share premium account of the Company in July 2024 has been concluded. Whilst largely technical in nature, with the change increasing distributable reserves by £12.3m through the reduction of capital, it provides additional balance sheet flexibility in the context of the significant increase in the Group's cash position.

## **Outlook**

The Board targets continued substantial revenue growth based on the existing forward contract book and through organic growth. An ambition of 100,000 meters supplied early in 2025 is a stretch milestone targeted by the Group.

Smart meter installations in 2024 of 25,000 are targeted, equivalent to exiting the year with an approximate £1.2m ILARR, whilst also providing further benefits to energy supply profitability.

We expect to maintain our strong EPS development in H2 24 from H1 24 is forecasted as revenue growth flows through to increased profit.

Robust net cash balance expected at 31 December 2024, reflecting strong full year operational cash inflow and after £9.0m ROCs purchased in advance.

Progressive dividends through higher EPS and reduction to dividend cover to 3x+ over the short to medium term provides for potential increased shareholder distribution.

## **Finance review**

### *Delivering robust financial metrics*

The Group results continue to deliver against our robust financial framework, leading to significant organic growth with increased profitability and enabling increased dividend distributions to shareholders. In overview:

- Revenue increased 60% to £312.7m
- Aggregate forward contracted revenue up 70% to £945m
- EPS, adjusted and fully diluted, up 52% to 88p
- Adjusted EBITDA and Profit Before Tax increased by 49% and 122% respectively
- Net cash inflow of £56.9m, with closing net cash up 137% to £86.8m
- £1.8m investment in smart meters. ILARR<sup>8</sup> from smart metering assets of £0.6m
- Interim dividend of 19p, up from 3p H1 23

Financial metrics	Six months to 30 June			Twelve months to 31 December
£m unless stated	H1 24	H1 23	Change	FY 23
<b>Revenue</b>	<b>312.7</b>	194.9	+60%	460.0
Gross margin %	13.7%	17.2%	(3.5%)	18.1%
Net Customer Contribution <sup>1</sup> %	11.7%	13.1%	(1.4%)	14.9%
General overheads <sup>2</sup> %	(5.2%)	(6.0%)	+0.8%	(5.7%)
Adjusted EBITDA %	6.5%	7.0%	(0.5%)	9.3%
<b>Adjusted EBITDA</b>	<b>20.4</b>	13.7	+49%	42.6
<b>Profit before tax</b>	<b>19.8</b>	8.9	+122%	39.7
<b>Net cash inflow</b>	<b>56.9</b>	17.7	+221%	13.5
<b>Net Cash<sup>3</sup></b>	<b>86.8</b>	36.6	+137%	32.1
<b>Earnings per share</b> (adjusted, fully diluted)	<b>88p</b>	58p	+52%	182p
<b>Dividend per share</b>	<b>19p</b>	3p	+533%	40p
1year forward contracted revenue <sup>4</sup>	<b>417</b>	264	+58%	520
Aggregate contracted revenue <sup>5</sup>	<b>945</b>	557	+70%	826
Non-contracted annualised revenue <sup>6</sup>	<b>30</b>	30	-	29
Equiv. volume of energy supplied <sup>7</sup>	<b>1.0TWh</b>	0.5TWh	+110%	1.2TWh
Smart meter assets ILARR <sup>8</sup>	<b>0.6</b>	0.0	+0.6	0.2
Overdue customer receivables <sup>9</sup>	<b>3 days</b>	4 days	+1 day	4 days

### Substantial revenue progression

Revenue of £312.7m represents growth of 60% on H1 23; and is already 68% of the FY23 total revenue.

This growth follows the substantial increase in meter points supplied by the Group (from 39,700 at H1 23 to 72,300 at H1 24), and the 110% growth in the equivalent volume of energy supplied (EQVS)<sup>7</sup> from 0.5TWh in H1 23 to 1.0TWh in H1 24.

The increase is despite mild temperatures experienced in Spring 2024, which softened customer consumption, reducing revenue by c£9m in the period. In addition, tariffs charges to customers are based on a more normalised energy market, which has led to a lower contribution from uncontracted customers (on variable tariffs which track the prevailing energy market) and lower tariffs secured in our contract portfolio.

Equivalent volume of energy supplied (EQVS) is a new measure to provide additional insight as to the volume of energy delivered to customers, based on electricity volume equivalent and measured in terawatt hours (being one million megawatt-hours ("MWh")). This is after considering that a MWh of electricity is worth, in revenue terms, approximately 4x a MWh of gas. Whilst the volume delivered is at a lower revenue per MWh, this commodity market reduction is now largely already priced in the tariffs included in forward contracted revenue.

Continued revenue progression is forecast in view of the growth in volume and meter points, on more normalised tariffs. The Group had £417m already contracted to deliver in FY25, up 58% on the H1 23 position for FY24. Aggregate contract revenue of £945m is up 70% on the prior year, a result of increasing contract lengths.

In short, revenue growth has been maintained and expected to continue into H2 24 and beyond in view of increases in market share and visibility of forward contracted revenue, though revenue growth in H1 24 has been limited to 60% due to the lower commodity environment and mild spring temperatures.

### Increased adjusted EBITDA, PBT and EPS

Group adjusted EBITDA of £20.4m is 49% up on H1 23 and is 6.5% of revenue (H1 23: 7.0%).

Gross margin of 13.7% is below the previous year (H1 23: 17.2%) reflecting the reduced volume due to the weather impact, with some reduced margin as excess energy is sold back. Margin is further reduced, in line with expectations, due to a lower benefit from *blend and extend* customer offers, certain higher industry costs and the reduced proportion of variable based tariffs as commodity markets have normalised.

Net customer contribution margin of 11.7% (H1 23: 13.1%) is after a 2% bad debt charge (H1 23: 4.1%) as customer collections and the benefits of smart meters continue to produce improving results. Cash collection in H1 24 remains strong at 97.3% (H1 23: 98%), particularly when considering the high growth in the period.

General overheads at 5.2% of revenue are 0.8% lower than the 6.0% in H1 23. This overhead leverage benefit, despite higher meter points and volume of energy supplied, is a result of the cost to serve benefits from our *digital by default* investments, and the continued scaling of Yü Smart.

Profit before tax for the period increased 122% to £19.8m (H1 23: £8.9m) and is after a £1.4m charge incurred on exit of the Group's previous energy trading arrangement. Net finance income increased to £1.8m reflecting significant cash generation and cash deposits held by the Group.

<i>Adjusted EBITDA reconciliation</i>	<b>H1 24</b>	H1 23	FY 23
£m			
<b>Adjusted EBITDA</b>	<b>20.4</b>	13.7	42.6
Adjusted items:			
Loss on derivative contracts	-	(4.2)	(3.0)
Depreciation and amortisation	(1.0)	(0.7)	(1.5)
Non-recurring operational costs	(1.4)	-	-

Non-recurring operational costs	(1.7)	-	-
<b>Statutory operating profit</b>	<b>18.0</b>	<b>8.8</b>	<b>38.1</b>
Net finance income	1.8	0.1	1.6
<b>Profit before tax</b>	<b>19.8</b>	<b>8.9</b>	<b>39.7</b>

Following the increased profit before tax, and after considering a higher corporate tax rate, there remains significant growth in earnings per share on a basic, reported, level, to 88p (H1 23: 44p) and on a fully diluted, adjusted, basis also to 88p (H1 23: 58p).

### Strong cash generation and cash position

<i>Cashflow summary<sup>10</sup></i>	<b>H1 24</b>	<b>H1 23</b>	<b>FY 23</b>
<i>£m</i>			
<b>Adjusted EBITDA</b>	<b>20.4</b>	<b>13.7</b>	<b>42.6</b>
Operating cashflow items:			
Hedging related cash collateral	49.8	(16.5)	(49.8)
Non-recurring costs	(1.4)	-	-
Corporation tax paid	(6.6)	-	(0.6)
Other working capital movements	6.1	21.5	23.9
<b>Operating cash flow</b>	<b>68.3</b>	<b>18.7</b>	<b>16.1</b>
Investing activities	(3.1)	(0.4)	(1.5)
Financing activities: Debt, leases and interest	1.9	(0.1)	(0.1)
Financing activities: Dividends and buy-back	(10.2)	(0.5)	(1.0)
<b>Net cash movement in year</b>	<b>56.9</b>	<b>17.7</b>	<b>13.5</b>
<b>Closing cash balance</b>	<b>89.4</b>	<b>36.6</b>	<b>32.5</b>
<b>Net cash</b>	<b>86.8</b>	<b>36.6</b>	<b>32.1</b>

The Group benefits from a strong net cash position of £86.8m (H1 23: £36.6m) which is net of £2.6m of borrowings related to a specific £5.2m facility ringfenced for smart meters.

The Group settled in August 2024 its c£33.2m liability to Renewable Obligation Certificates ("ROCs") for the year to 31 March 2024. In August 2024, a benefit from the improved cash position, the Group purchased a further £9.0m of ROCs in advance of the due date of 31 August 2025 to secure a discount in costs.

Cash flow for the period includes the return of £49.8m cash collateral held with our previous trading counterparty, less £1.0m non-recurring costs paid on exit, as the new hedging agreement with the Shell Group was signed. The Board do not foresee the need to post further cash collateral under this new five-year arrangement with Shell.

As a result of increased profitability, the Group has utilised the majority of corporation tax losses and therefore has made corporate tax payments of £6.6m on account of FY23 and FY24 liabilities.

Other working capital movements include the benefit of delayed ROCs payments (collected from customers) and the outflow from investment in customer acquisition costs to support sales growth.

The Board current forecast a strong cash position building for the remainder of FY24 and beyond. This considers continued capital investment (including in smart metering and digital), the £9.0m of ROCs purchased in advance (otherwise due August 2025) to secure a discount, and reflecting a forecast for total dividends and share buy-back of £13.4m paid in the full year.

### Capital and Dividend

As noted above, the Company reduced capital through a cancellation of the share premium account after the 30 June 2024 reporting date. This capital reduction, dated 3 July 2024, totalled £12.3m which transfers from capital to retained and distributable earnings.

The Company purchased 234,978 of ordinary shares on 17 May 2024 for a consideration of £4.0m and transferred the shares to treasury. These shares, which do not attract voting rights or dividends whilst held in treasury, are expected to be utilised to satisfy future option exercises.

In line with its progressive dividend policy, the Board declare an interim dividend of 19p per share (H1 23: 3p per share), resulting in a forecasted payment of £3.2m on the payment date of 20 December 2024. The Group's ordinary shares will go ex-dividend on 21 November 2024, with a record date of 22 November 2024.

#### Notes to finance review:

<sup>1</sup> Net Customer Contribution is adjusted gross margin less bad debt.

<sup>2</sup> General overheads are overhead expenses, excluding bad debt, charged to adjusted EBITDA.

<sup>3</sup> Net Cash is cash held less borrowings, excluding lease liabilities.

<sup>4</sup> & <sup>5</sup> 1-year forward contract revenue represents contracted revenue under energy supply contracts for the following annual financial year. Aggregate contract revenue includes all revenue contracted from the reporting date.

<sup>6</sup> Non-contracted annualised revenue reflects the estimated value of non-contracted energy supply to customers at the period end date, based on the annualised volume of energy supplied and relevant prices on that date.

<sup>7</sup> Equivalent volume of energy supplied (EQVS) represents volume of energy delivered to customers, where gas is converted to a proxy value of electricity (utilising Ofgem benchmark's being 4MWh's of gas to 1MWh of electricity).

<sup>8</sup> ILARR represented Index-linked annualised recurring revenue from investment in Smart Meters.

<sup>9</sup> Overdue customer receivables represent the amount outstanding and overdue, net of provisions and deferrals, to key customer receivable balances compared with the revenue recognised.

<sup>10</sup> The statutory format cashflow statement is presented in the condensed financial statements.

### Condensed consolidated statement of profit and loss and other comprehensive income For the six months ended 30 June 2024

6 months      6 months      12 months

	Notes	ended 30 June 2024 (Unaudited) £'000	ended 30 June 2023 (Unaudited) £'000	ended 31 December 2023 (Audited) £'000
Revenue		312,678	194,899	460,001
Cost of sales		(269,799)	(161,336)	(376,959)
<b>Gross profit</b>		<b>42,879</b>	<b>33,563</b>	<b>83,042</b>
Operating costs before non-recurring items and share based payment charges		(15,456)	(12,027)	(26,347)
Operating costs - non-recurring items	5	(1,359)	-	-
Operating costs - share based payment charges	20	(1,705)	(471)	(1,258)
Total operating costs	3	(18,520)	(12,498)	(27,605)
Net impairment losses on financial and contract assets	13	(6,349)	(8,085)	(14,309)
Loss on derivatives	5	-	(4,221)	(3,046)
<b>Operating profit</b>		<b>18,010</b>	<b>8,759</b>	<b>38,082</b>
Finance income	4	2,177	178	1,722
Finance costs	4	(349)	(36)	(105)
<b>Profit before tax</b>		<b>19,838</b>	<b>8,901</b>	<b>39,699</b>
Taxation	7	(5,151)	(1,591)	(8,839)
<b>Profit and total comprehensive income for the year</b>		<b>14,687</b>	<b>7,310</b>	<b>30,860</b>
<b>Earnings per share</b>				
Basic	6	£0.88	£0.44	£1.85
Diluted	6	£0.82	£0.40	£1.69

#### Condensed consolidated balance sheet

At 30 June 2024

	Notes	30 June 2024 (Unaudited) £'000	30 June 2023 (Unaudited) £'000	31 December 2023 (Audited) £'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	9	3,165	2,810	2,561
Property, plant and equipment	10	6,405	3,838	4,613
Right-of-use assets	11	2,736	1,533	1,676
Deferred tax assets	7	1,277	3,709	1,969
Trade and other receivables	13	9,109	-	5,231
		<b>22,692</b>	<b>11,890</b>	<b>16,050</b>
<b>Current assets</b>				
Inventory	12	1,838	297	546
Trade and other receivables	13	75,448	53,794	127,222
Cash and cash equivalents	14	89,426	36,621	32,477
		<b>166,712</b>	<b>90,712</b>	<b>160,245</b>
<b>Total assets</b>		<b>189,404</b>	<b>102,602</b>	<b>176,295</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	15	(117,321)	(73,070)	(123,845)
Corporation tax payable	7	(1,832)	-	(4,016)
Borrowings	16	(102)	-	(3)
Financial derivative liability	17	-	(1,049)	-
		<b>(119,255)</b>	<b>(74,119)</b>	<b>(127,864)</b>
<b>Non-current liabilities</b>				
Trade and other payables	15	(15,450)	(6,276)	(1,281)
Borrowings	16	(2,515)	-	(352)
Financial derivative liability	17	-	(126)	-
		<b>(17,965)</b>	<b>(6,402)</b>	<b>(1,633)</b>
<b>Total liabilities</b>		<b>(137,220)</b>	<b>(80,521)</b>	<b>(129,497)</b>
<b>Net assets</b>		<b>52,184</b>	<b>22,081</b>	<b>46,798</b>
<b>EQUITY</b>				
Share capital	19	85	83	84
Share premium	19	12,284	11,786	11,909
Merger reserve		(50)	(50)	(50)
Retained earnings		39,865	10,262	34,855
		<b>52,184</b>	<b>22,081</b>	<b>46,798</b>

#### Condensed consolidated statement of changes in equity

For the six months ended 30 June 2024

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
<b>Balance at 1 January 2024</b>	84	11,909	(50)	34,855	46,798
<b>Total comprehensive income for the period</b>	-	-	-	14,687	14,687
<b>Profit for the period</b>	-	-	-	14,687	14,687

Other comprehensive income	-	-	-	-	-
	-	-	-	14,687	14,687
<b>Transactions with owners of the Company</b>					
<b>Contributions and distributions</b>					
Equity-settled share based payments	-	-	-	528	528
Deferred tax on share based payments	-	-	-	-	-
Proceeds from share issues	1	375	-	-	376
Buy-back of shares	-	-	-	(3,995)	(3,995)
Equity dividend paid in the period	-	-	-	(6,210)	(6,210)
<b>Total transactions with owners of the Company</b>	1	375	-	(9,677)	(9,301)
<b>Balance at 30 June 2024</b>	<b>85</b>	<b>12,284</b>	<b>(50)</b>	<b>39,865</b>	<b>52,184</b>
<b>Balance at 1 January 2023</b>	83	11,785	(50)	2,981	14,799
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	7,310	7,310
Other comprehensive income	-	-	-	-	-
	-	-	-	7,310	7,310
<b>Transactions with owners of the Company</b>					
<b>Contributions and distributions</b>					
Equity-settled share based payments	-	-	-	471	471
Deferred tax on share based payments	-	-	-	-	-
Proceeds from share issues	-	1	-	-	1
Equity dividend paid in the period	-	-	-	(500)	(500)
<b>Total transactions with owners of the Company</b>	-	1	-	(29)	(28)
<b>Balance at 30 June 2023</b>	83	11,786	(50)	10,262	22,081

Condensed consolidated statement of cash flows  
For the six months ended 30 June 2024

	Notes	6 months ended 30 June 2024 (Unaudited) £'000	6 months ended 30 June 2023 (Unaudited) £'000	12 months ended 31 December 2023 (Audited) £'000
<b>Cash flows from operating activities</b>				
Profit for the financial period		14,687	7,310	30,860
Adjustments for:				
Depreciation of property, plant and equipment	10	320	167	400
Depreciation of right-of-use assets	11	334	228	408
Amortisation of intangible assets	9	408	339	680
Loss on disposal		1	-	-
Loss on derivative contracts		-	4,221	3,046
(Increase) / decrease in inventory		(1,292)	48	(201)
(Increase) / decrease in trade and other receivables		(1,926)	17,045	(27,848)
Transfer of cash collateral from / (to) previous commodity trading counterparty		49,822	(16,500)	(49,820)
Increase in trade and other payables		5,339	3,900	49,584
National insurance on share options exercised		-	-	(108)
Finance income		(2,177)	(178)	(1,722)
Interest received		2,177	-	1,278
Finance costs		349	36	105
Taxation charge		5,151	1,591	8,839
Corporation tax paid		(6,641)	-	(627)
Share based payment charge		1,705	471	1,258
<b>Net cash from operating activities</b>		<b>68,257</b>	<b>18,678</b>	<b>16,132</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment		(2,113)	(364)	(1,372)
Payment of software development costs		(1,012)	(38)	(130)
<b>Net cash used in investing activities</b>		<b>(3,125)</b>	<b>(402)</b>	<b>(1,502)</b>
<b>Cash flows from financing activities</b>				
New borrowings		2,250	-	356
Interest paid on borrowings		(20)	-	(4)
Interest paid on lease obligations		(63)	-	(81)
Other interest (paid) / received		(225)	142	(20)
Repayment of principal element of borrowings		(29)	-	(1)
Repayment of principal element of lease obligations		(267)	(268)	(496)
Net proceeds from share option exercises		376	1	125
Cash paid on repurchase of shares		(3,995)	-	-
Dividends paid		(6,210)	(500)	(1,002)
<b>Net cash used in financing activities</b>		<b>(8,183)</b>	<b>(625)</b>	<b>(1,123)</b>
<b>Net increase in cash and cash equivalents</b>		<b>56,949</b>	<b>17,651</b>	<b>13,507</b>
Cash and cash equivalents at the start of the period		32,477	18,970	18,970
<b>Cash and cash equivalents at the end of the period</b>		<b>89,426</b>	<b>36,621</b>	<b>32,477</b>



## 1. Significant accounting policies

Yü Group PLC (the "Company") is a public limited company incorporated in the United Kingdom, with company number 10004236. The Company is limited by shares and the Company's ordinary shares are traded on AIM.

These condensed consolidated half yearly financial statements as at and for the six months ended 30 June 2024 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in the supply of electricity, gas and water to SMEs and larger corporates in the UK.

### ***Basis of preparation***

The condensed consolidated interim financial information for the six months ended 30 June 2024 has been prepared in accordance with UK-adopted International Accounting Standards.

The unaudited condensed consolidated interim financial report for the six months ended 30 June 2024 does not include all of the information required for full annual financial statements and does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. This report should therefore be read in conjunction with the Group annual report for the year ended 31 December 2023, which is available on the Group's investor website (yugroupplc.com). The comparative figures for the year ended 31 December 2023 have been audited. The comparative figures for the half year ended 30 June 2023, and the actual figures for the half year to 30 June 2024, are unaudited.

The accounting policies adopted in these condensed consolidated half yearly financial statements are consistent with the policies applied in the 2023 Group financial statements.

The consolidated financial statements are presented in British pounds sterling (£), which is the functional and presentational currency of the Group. All values are rounded to the nearest thousand (£'000), except where otherwise indicated.

### ***Going concern***

The financial statements are prepared on a going concern basis.

At 30 June 2024 the Group had net assets of £52.2m (30 June 2023: £22.1m and 31 December 2023: £46.8m) and cash of £89.4m (30 June 2023: £36.6m and 31 December 2023: £32.5m).

Management prepares detailed budgets and forecasts of financial performance and cash flow (including capital commitments) over the coming 18 months as a minimum. The Board has confidence in achieving such targets and forecasts and has performed comprehensive analysis of various risks and sensitivities in relation to performance, the energy market and the wider economy.

The Group continues to deliver strong results. This has led to adjusted EBITDA (a close 'cash' profitability measure) in H1 2024 of £20.4m (H1 2023: £13.7m and FY 2023: £42.6m), which continues the very strong momentum in the Group's results occurring since 2018. Management is confident in continuing this improvement in profitability based on its business model.

Profitability metrics are in line with management expectations including strong gross margin as the Group leverages its differentiated offer and analytics to optimise its commercial position. Bad debt has decreased and is currently under control, and the Group's investment in Digital by Default is set to enable more efficient cost to acquire and cost to serve, as well as further returns over the short to medium term.

Group cash liquidity at the operational level has remained strong, with the key outflow related to energy commodity arrangements as covered below. The Group has introduced a specific debt facility related to certain specific smart metering asset financing arrangements. This debt facility is expected to be repaid from the investment in such smart meters and provides some cost of capital benefit. Despite this debt introduction, the Group remains in a significant net cash position.

The Board has assessed risks and sensitivities and potential mitigation steps available to it in detail and continues to monitor risk and mitigation strategies in the normal course of business.

### ***Customer receivables and bad debt***

The Board considers customer receivable risks in view of the wider market, the energy price environment and the Group's ability to contract and protect its position in respect of late or non-payment. The performance for H1 2024 continues from the significant improvement in 2023 as a result of improvements to processes, including new analysis, changes in contracting strategies, increase in teams and the expansion of the Group's smart meter rollout to improve customer outcomes.

The Board performed sensitivities on material changes to customer payment behaviour including the timing of payments or if bad debt levels were to increase.

The Group has extensive mitigating actions in place. This includes credit checks at point of sale and throughout the customer lifecycle, the requirement for some customers to pay reasonable security deposits at the point of sale, and the offering (ensuring compliance with regulation and good industry practice) of pay as you go products which enable certain customers to access more favourable tariffs. The Group also supports customers with payment plan arrangements, for those customers who will, when able, provide payment, and will ultimately (for some customers, as appropriate based on the circumstances) progress legal and/or disconnection proceedings to mitigate further bad debt.

The Board also notes that the prices now being quoted to customers are back to a more normalised level, broadly equivalent to tariffs charged prior to the rapid increase in global commodity markets experienced in 2021 and 2022.

In view of the reduced market prices, and the Group's ability to manage debt through various mitigating actions, the Board is confident that there will be no material impact relevant to the going concern assumption.

### ***Hedging arrangements and new Trading Agreement***

A new five year commodity trading arrangement between Shell Energy Europe Limited ("Shell") and the main entities of the Group (including Yü Group PLC, Yü Energy Holding Limited and Yü Energy Retail Limited), signed February 2024, ("the Trading Agreement") enables the Group to purchase electricity and gas on forward commodity markets. The Trading Agreement enables forecasted customer demand to be hedged in accordance with an agreed risk mandate. This hedging position and the Board defined risk strategy has mitigated, and is expected to continue to mitigate, the impact on the Group from underlying movements in global commodity markets.

As part of the Trading Agreement, Shell provides exclusive access to commodity products and holds security over the main trading assets of the Group which could, ultimately and in extreme and limited circumstances, lead to a claim on some or all of the assets of the Group's main trading entities. In return, Shell provides cost and value

efficient market access without the need to post cash collateral in the normal course of operation. The new arrangement with Shell provides significant advantages to the Group's arrangements, fully supporting the Group's ambitious growth plans.

The Board carefully modelled in detail, and continues to monitor, certain covenants related to profitability, net worth and liquidity associated with the new Trading Agreement to assess the likelihood of any breach of such agreement and the impact any such breach would likely have. Such scenarios include reduced gross margin and increased bad debt, and the impact this would have on the ability to maintain compliance with covenants.

After a detailed review, the Board has concluded that there are no liquidity issues likely to arise in relation to the hedging arrangements and current market context.

#### *Summary*

Following extensive review of the Group's forward business plan and associated risks and sensitivities to these base forecasts (and available mitigation strategies), the Board concludes that it is appropriate to prepare the financial statements on a going concern basis. The Board also considers that there is sufficient headroom to ensure the Group meets covenants based on various downside scenarios assessed.

#### **Basis of consolidation**

The consolidated accounts of the Group include the assets, liabilities and results of the Company and subsidiary undertakings in which Yü Group PLC has a controlling interest. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following: power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee); exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect its returns. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

#### **Use of estimates and judgements**

The preparation of the financial statements in conformity with adopted IFRSs requires the use of estimates and judgements. Although these estimates are based on management's best knowledge, actual results ultimately may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The key areas of estimation and judgement remain as detailed in the Group's 2023 annual report.

#### **Revenue recognition**

The Group enters into contracts to supply gas, electricity and water to its customers. Revenue represents the fair value of the consideration received or receivable from the sale of actual and estimated gas, electricity and water supplied during the year, net of discounts, climate change levy and value-added tax. Revenue is recognised on consumption, being the point at which the transfer of the goods or services to the customer takes place, and based on an assessment of the extent to which performance obligations have been achieved.

Due to the nature of the energy supply industry and its reliance with some traditional (non-smart) meter types upon estimated meter readings, gas, electricity and water revenue includes the directors' best estimate of differences between estimated sales and billed sales. The Group makes estimates of customer consumption based on available industry data, and also seasonal usage curves that have been estimated from industry available historical actual usage data, as appropriate for each site supplied by the Group.

Revenues for the supply of metering services or the installation of metering assets are, where for Group companies, eliminated on consolidation.

#### *Government support to customers*

The Energy Bills Relief Scheme ("EBRS"), and certain less material (for the Group) other schemes, implemented by HM Government through BEIS, were in place from 1 October 2022 to 31 March 2023 and resulted in customers being provided financial support through a contribution to their energy charges. The Energy Bills Discount Scheme ("EBDS") was in place from 1 April 2023 to the balance sheet date, replacing EBRS.

Under the EBRS and EBDS arrangement, amounts receivable from BEIS do not impact the Group's contract with customers, and therefore the amounts contributed under the schemes are treated as a cash payment towards customer bills. As such, revenue recognised is based on the amount chargeable per the contract with customers which is gross of the amount contributed through EBRS and EBDS.

#### **Financial instruments**

##### *Non-derivative financial instruments*

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables.

##### *Trade and other receivables*

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment and expected credit losses.

##### *Impairment*

The Group has elected to measure credit loss allowances for trade receivables and accrued income at an amount equal to lifetime expected credit losses ("ECLs"). Specific impairments are made when there is a known impairment need against trade receivables and accrued income. When estimating ECLs, the Group assesses reasonable, relevant and supportable information, which does not require undue cost or effort to produce. This includes quantitative and qualitative information and analysis, incorporating historical experience, informed credit assessments and forward looking information. Loss allowances are deducted from the gross carrying amount of the assets.

##### *Trade and other payables*

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and short-term deposits (monies held on deposit are accessible with one month's written notice). Cash and cash equivalents exclude any cash collateral posted with third parties and bank accounts which are fully secured and *locked* (for day to day access) by the Group's bankers (or others). It also excludes cash held in bank accounts which have, as part of government schemes such as EBRS, cash balances which are not yet transferred to the Group's main operating bank accounts.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

#### *Derivative financial instruments*

The Group uses commodity purchase contracts to hedge its exposures to fluctuations in gas and electricity commodity prices. Most commodity purchase contracts are expected to be delivered entirely to the Group's customers and therefore the Group classifies them as "own use" contracts and outside the scope of IFRS 9 "Financial Instruments". This is achieved when:

- a physical delivery takes place under all such contracts;
- the volumes purchased or sold under the contracts correspond to the Group's operating requirements; and
- no part of the contract is settled net in cash.

This classification as "own use" allows the Group not to recognise the commodity purchase contracts on its balance sheet at the period end.

To the extent that any commodity purchase contracts do not meet the criteria listed above, then such contracts are recognised at fair value under IFRS 9. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

#### *Classification of financial instruments issued by the Group*

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- (b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Details of the sensitivity analysis performed in relation to the Group's financial instruments are included in note 18.

#### **Intangible assets**

Intangible assets that are acquired separately by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired in a business combination are initially recognised at their fair value at the acquisition date. After initial recognition, intangible assets acquired in a business combination are reported at their initial fair value less amortisation and accumulated impairment losses.

Goodwill arising on business combination is accounted for in line with the business combination disclosure.

Software and system assets are recognised at cost, including those internal costs attributable to the development and implementation of the asset in order to bring it into use. Cost comprises all directly attributable costs, including costs of employee benefits arising directly from the development and implementation of software and system assets.

Amortisation is charged to the statement of profit and loss on a straight-line basis over the estimated useful lives of the intangible assets from the date they are available for use. The estimated useful lives are as follows:

- Licence - 35 years
- Customer contract books - Over the period of the contracts acquired (typically 2 years)
- Software and systems - 3 to 5 years

Goodwill is not amortised, as it is subject to impairment review.

#### **Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Plant and machinery includes the Group's investment in smart metering assets, which are recognised at cost, including those internal employee and other costs attributable to the installation and commissioning of the asset to bring it into use.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives for the current and comparative periods are as follows:

- Freehold land - Not depreciated
- Freehold property - 30 years
- Plant and machinery - 5 to 15 years
- Computer equipment - 3 years
- Fixtures and fittings - 3 years

#### **Business combinations**

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired. The Group's policy in relation to business combinations is as disclosed in the Group's 2023 annual report.

#### **Leased assets**

##### *The Group as a lessee*

For any new contract entered into the Group considers whether a contract is, or contains, a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration". To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

#### *Measurement and recognition of leases as a lessee*

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets are separately identified and lease liabilities have been included in trade and other payables.

#### ***Inventory***

Inventory is held at the lower of cost, being all directly attributable costs, and net realisable value.

#### ***Share based payments***

Share based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share based payment transactions, regardless of how the equity instruments are obtained by the Group.

The cost of equity-settled transactions with employees is measured by reference to the fair value on the date they are granted. Where there are no market conditions attaching to the exercise of the option, the fair value is determined using a range of inputs into a Black Scholes pricing model. Where there are market conditions attaching to the exercise of the options a trinomial option pricing model is used to determine fair value based on a range of inputs. The value of equity-settled transactions is charged to the statement of comprehensive income over the period in which the service conditions are fulfilled with a corresponding credit to a share based payments reserve in equity.

Employer's National Insurance costs arising and settled in cash on exercise of unapproved share options are included in the share based payment charge in the profit or loss, with no corresponding credit to reserves in equity.

#### ***Pension and post-retirement benefit***

The Group operates a defined contribution scheme which is available to all employees. The assets of the scheme are held separately from those of the Group in independently administered funds. Payments are made by the Group to this scheme and contributions are charged to the statement of comprehensive income as they become payable.

#### ***Taxation***

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

#### ***Segmental reporting***

In accordance with IFRS 8 "Operating Segments", the Group has made the following considerations to arrive at the disclosure made in this financial information.

IFRS 8 requires consideration of the Chief Operating Decision Maker ("CODM") within the Group. In line with the Group's internal reporting framework and management structure, the key strategic and operating decisions are made by the Board of directors, which regularly reviews the Group's performance and balance sheet position and receives financial information for the Group as a whole. Accordingly, the Board of directors is deemed to be the CODM.

The Group's revenue and profit were predominantly delivered from its principal activity, which is the supply of utilities to business customers in the UK. However, following the development of the Yü Smart activity and the ambition to increase activities in the financing of smart meters, the Group introduced new operational segments in 2023.

Segmental profit is measured at two profit levels, being operating profit as shown on the face of the statement of

Segmental profit is measured at two profit levels, being operating profit, as shown on the face of the statement of profit and loss, and adjusted EBITDA, as utilised by management to provide the underlying cash-like profitability of the segment (and as reconciled to operating profit in note 5).

Assets, liabilities and cash flows related to the various segments are managed at the Group level and are therefore not allocated or disclosed for each segment. The Group does disclose non-current assets and additions of such assets, allocation of goodwill, and trade and other receivables by segment in line with its management of the Group's operations. The 30 June 2023 segmental analysis is not provided as a result of the introduction in the 2023 annual report, though analysis is available at 30 June 2024 and 31 December 2023.

### Standards and interpretations

The Group has adopted all of the new or amended accounting standards and interpretations that are mandatory for the current reporting period which had no significant effect on the Group's results.

Any new or amended accounting standards or interpretations that are not yet mandatory have not been early adopted. All amendments or standards are not expected to have a material impact on the entity in the current or future reporting periods, or on foreseeable future transactions.

## 2. Segmental analysis

### Operating segments

The directors consider there to be three operating segments, being the supply of utilities to businesses ("Yü Retail"), the installation and maintenance of energy meters and other assets ("Yü Smart"), and the financing of new meters ("Metering assets"). In addition, the Group eliminates intra-segment trading, where one segment trades with another, and has central income, expenses, assets and liabilities ("Group") which are not directly attributable to the three operating segments.

	Retail £'000	Smart £'000	Metering assets £'000	Intra- segment trading £'000	Group £'000	Total £'000
30 June 2024						
<b>Revenue</b>	<b>312,545</b>	<b>5,908</b>	<b>192</b>	<b>(5,967)</b>	<b>-</b>	<b>312,678</b>
Cost of sales	(268,329)	(4,032)	-	2,562	-	(269,799)
Gross profit	44,216	1,876	192	(3,405)	-	42,879
Operating costs, before non-recurring items, share based payments and depreciation	(12,844)	(1,368)	(20)	-	(162)	(14,394)
Non-recurring items	(1,359)	-	-	-	-	(1,359)
Share based payments	(1,705)	-	-	-	-	(1,705)
Depreciation	(674)	(273)	(80)	-	(35)	(1,062)
Net impairment losses on financial and contract assets	(6,349)	-	-	-	-	(6,349)
<b>Operating profit</b>	<b>21,285</b>	<b>235</b>	<b>92</b>	<b>(3,405)</b>	<b>(197)</b>	<b>18,010</b>
<b>Adjusted EBITDA</b>	<b>23,318</b>	<b>508</b>	<b>172</b>	<b>(3,405)</b>	<b>(162)</b>	<b>20,431</b>
Non-current assets	18,478	1,920	3,446	(2,744)	1,592	22,692
Additions of non-current assets	1,359	1,394	1,766	-	-	4,519
Goodwill	-	216	-	-	-	216
Trade and other receivables	85,553	2,115	253	(3,947)	583	84,557

	Retail £'000	Smart £'000	Metering assets £'000	Intra- segment trading £'000	Group £'000	Total £'000
31 December 2023						
<b>Revenue</b>	<b>459,797</b>	<b>5,555</b>	<b>76</b>	<b>(5,427)</b>	<b>-</b>	<b>460,001</b>
Cost of sales	(377,797)	(3,053)	-	3,891	-	(376,959)
Gross profit	82,000	2,502	76	(1,536)	-	83,042
Operating costs, before share based payments and depreciation	(22,317)	(2,027)	(68)	-	(447)	(24,859)
Share based payments	(1,258)	-	-	-	-	(1,258)
Depreciation	(1,028)	(329)	(21)	-	(110)	(1,488)
Net impairment losses on financial and contract assets	(14,309)	-	-	-	-	(14,309)
Loss on derivatives	(3,046)	-	-	-	-	(3,046)
<b>Operating profit</b>	<b>40,042</b>	<b>146</b>	<b>(13)</b>	<b>(1,536)</b>	<b>(557)</b>	<b>38,082</b>
<b>Adjusted EBITDA</b>	<b>44,116</b>	<b>475</b>	<b>8</b>	<b>(1,536)</b>	<b>(447)</b>	<b>42,616</b>
Non-current assets	9,814	804	1,018	(327)	(4,741)	16,050
Additions of non-current assets	695	872	1,139	(335)	133	2,504
Goodwill	-	216	-	-	-	216
Trade and other receivables	131,822	236	103	(224)	516	132,453

### Geographical segments

100% of Group revenue, for all reporting periods, is generated from sales to customers in the United Kingdom (2023: 100%).

The Group has no individual customers representing over 10% of revenue (2023: none).

## 3. Operating profit

	Notes	30 June 2024 £'000	30 June 2023 £'000	31 December 2023 £'000
Profit for the period has been arrived at after charging:				
Staff costs		10,187	6,757	15,564
Depreciation of property, plant and equipment	10	320	167	400
Depreciation of right-of-use assets	11	334	228	408
Amortisation of intangible assets	9	408	339	680

## 4. Finance income and finance costs

30 June 30 June 31 December

	2024 £'000	2023 £'000	2023 £'000
Bank interest receivable	2,112	92	783
Other interest receivable	65	86	939
<b>Total finance income</b>	<b>2,177</b>	<b>178</b>	<b>1,722</b>
Bank interest and other finance charges payable	(225)	-	(20)
Interest on borrowings	(61)	-	(4)
Interest on lease liabilities	(63)	(36)	(81)
<b>Total finance costs</b>	<b>(349)</b>	<b>(36)</b>	<b>(105)</b>
<b>Net finance income</b>	<b>1,828</b>	<b>142</b>	<b>1,617</b>

## 5. Reconciliation to adjusted EBITDA

A key alternative performance measure used by the directors to assess the underlying performance of the business is adjusted EBITDA.

	Notes	30 June 2024 £'000	30 June 2023 £'000	31 December 2023 £'000
<b>Adjusted EBITDA reconciliation</b>				
Operating profit		18,010	8,759	38,082
Add back:				
Non-recurring operational costs		1,359	-	-
Loss on derivative contracts	17	-	4,221	3,046
Depreciation of property, plant and equipment	10	320	167	400
Depreciation of right-of-use assets	11	334	228	408
Amortisation of intangibles	9	408	339	680
<b>Adjusted EBITDA</b>		<b>20,431</b>	<b>13,714</b>	<b>42,616</b>

The directors consider adjusted EBITDA to be a more accurate representation of underlying business performance (linked to cash from recurring and normalised profitability) and therefore utilise it as the primary profit measure in setting targets and managing financial performance.

The loss on derivative contracts of £3,046,000 for the year ended 31 December 2023 and £4,221,000 for the six months to 30 June 2023 arises on the movement in the financial derivative asset or liability recognised in the period, as referenced in note 17. The Board exclude such gain or loss from adjusted EBITDA as it is unrealised, and as it is considered in the contract pricing strategy and energy balancing operations of the Group. All forward commodity contracts at 31 December 2023 and 30 June 2024 are for the Group's "own use" (under IFRS 9) to meet expected customer demand in the normal course of business, and therefore there was no gain or loss in respect of the six months to 30 June 2024.

The non-recurring operational costs relate to fees incurred in the early termination of the Group's previous commodity trading agreement. A new five year commodity trading arrangement between Shell Energy Europe Limited ("Shell") and the main entities of the Group (including Yü Group plc, Yü Energy Holding Limited and Yü Energy Retail Limited) was signed in February 2024, providing significant strategic benefits to the Group. Given the non-recurring nature of these exit costs they have been excluded from adjusted EBITDA.

## 6. Earnings per share

### Basic earnings per share

Basic earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding and excluding treasury shares.

	30 June 2024 £'000	30 June 2023 £'000	31 December 2023 £'000
Profit for the year attributable to ordinary shareholders	14,687	7,310	30,860

	30 June 2024	30 June 2023	31 December 2023
<b>Weighted average number of ordinary shares</b>			
At the start of the period	16,741,195	16,649,618	16,649,618
Effect of shares issued in the period	50,353	12,938	36,607
Effect of purchase of treasury shares	(39,163)	-	-
Number of ordinary shares for basic earnings per share calculation	16,752,385	16,662,556	16,686,225
Dilutive effect of outstanding share options	1,157,837	1,615,188	1,533,324
Number of ordinary shares for diluted earnings per share calculation	17,910,222	18,277,744	18,219,549

	30 June 2024	30 June 2023	31 December 2023
Basic earnings per share	£0.88	£0.44	£1.85
Diluted earnings per share	£0.82	£0.40	£1.69

### Adjusted earnings per share

Adjusted earnings per share is based on the after tax result attributable to ordinary shareholders before non-recurring items and unrealised gains or losses on derivative contracts and the weighted average number of ordinary shares outstanding:

	Notes	30 June 2024 £'000	30 June 2023 £'000	31 December 2023 £'000
<b>Adjusted earnings per share</b>				
Profit for the year attributable to ordinary shareholders		14,687	7,310	30,860
Add back:				

Non-recurring operational costs (gross cost, before tax, of £1,359,000)	5	1,040	-	-
Loss on derivative contracts after tax		-	3,292	2,330
<b>Adjusted basic profit for the period</b>		<b>15,727</b>	<b>10,602</b>	<b>33,190</b>
Adjusted earnings per share		<b>£0.94</b>	£0.64	£1.99
Diluted adjusted earnings per share		<b>£0.88</b>	£0.58	£1.82

## 7. Taxation

The tax charge for the period has been estimated using a rate of 19% for the period to 31 March 2023 and 25% for the period after, considering certain allowances and adjustments in calculating the Group's taxable profits.

Deferred taxes at 30 June 2024, 30 June 2023 and 31 December 2023 have been measured using the enacted tax rates at that date and are reflected in these financial statements on that basis. Following the March 2021 Budget, the tax rate effective from 1 April 2023 increased from 19% to 25%.

The deferred tax asset is expected to be utilised by the Group in the coming years and there is no time limit to utilisation of such losses. The Board forecasts sufficient taxable income as a result of the growth in the customer base and increased profitability against which it will utilise these deferred tax assets.

## 8. Dividends

The Group paid an interim dividend of 3p per share in 2023.

The directors proposed a final dividend in relation to 2023 of 37p per share which was paid in the period to 30 June 2024.

The directors propose an interim dividend for the period to 30 June 2024 of 19p per share (2023: nil per share). The interim dividend is payable 20 December 2024.

## 9. Intangible assets

	Electricity licence £'000	Goodwill £'000	Customer books £'000	Software and systems £'000	Total £'000
<b>Cost</b>					
At 1 January 2024	62	216	686	3,419	4,383
Additions	-	-	-	1,012	1,012
<b>At 30 June 2024</b>	<b>62</b>	<b>216</b>	<b>686</b>	<b>4,431</b>	<b>5,395</b>
<b>Amortisation</b>					
At 1 January 2024	18	-	686	1,118	1,822
Charge for the period	1	-	-	407	408
<b>At 30 June 2024</b>	<b>19</b>	<b>-</b>	<b>686</b>	<b>1,525</b>	<b>2,230</b>
<b>Net book value at 30 June 2024</b>	<b>43</b>	<b>216</b>	<b>-</b>	<b>2,906</b>	<b>3,165</b>
<b>Cost</b>					
At 1 January 2023	62	216	686	3,289	4,253
Additions	-	-	-	38	38
<b>At 30 June 2023</b>	<b>62</b>	<b>216</b>	<b>686</b>	<b>3,327</b>	<b>4,291</b>
<b>Amortisation</b>					
At 1 January 2023	16	-	686	440	1,142
Charge for the period	1	-	-	338	339
<b>At 30 June 2023</b>	<b>17</b>	<b>-</b>	<b>686</b>	<b>778</b>	<b>1,481</b>
<b>Net book value at 30 June 2023</b>	<b>45</b>	<b>216</b>	<b>-</b>	<b>2,549</b>	<b>2,810</b>

The useful economic life of the acquired electricity licence is 35 years, which represents the fact that the licence can be revoked by giving 25 years' written notice but that this notice cannot be given any sooner than 10 years after the licence came into force in January 2013.

Goodwill arose on the acquisition of the management and certain other assets of Magnum Utilities Limited in May 2022, forming the foundations for the Yü Smart business unit to deliver the Group's smart metering installation activities. Goodwill is tested annually for signs of impairment. The underlying assets related to the goodwill have been classified in a wider cash generating unit related to smart metering activities.

The customer book intangibles relate to acquisitions that took place in 2020. They represent the fair value of the customer contracts purchased in those acquisitions. The intangible assets were amortised over a useful economic life of two years, representing the average contract length of the customer books acquired.

Software and systems assets relate to investments made in third-party software packages, and directly attributable internal personnel costs in implementing those platforms, as part of the Group's Digital by Default strategy.

The amortisation charge is recognised in operating costs in the income statement.

## 10. Property, plant and equipment

	Freehold land £'000	Freehold property £'000	Fixtures and fittings £'000	Plant and machinery £'000	Computer equipment £'000	Total £'000
<b>Cost</b>						
At 1 January 2024	150	3,274	738	869	670	5,701
Additions	-	-	223	1,766	124	2,113
Disposals	-	-	-	(1)	-	(1)
<b>At 30 June 2024</b>	<b>150</b>	<b>3,274</b>	<b>961</b>	<b>2,634</b>	<b>794</b>	<b>7,813</b>
<b>Depreciation</b>						
At 1 January 2024	-	291	355	24	418	1,088
Charge for the period	-	54	124	61	81	320

<b>At 30 June 2024</b>	-	345	479	85	499	1,408
<b>Net book value at 30 June 2024</b>	<b>150</b>	<b>2,929</b>	<b>482</b>	<b>2,549</b>	<b>295</b>	<b>6,405</b>
<b>Cost</b>						
At 1 January 2023	150	3,274	342	73	490	4,329
Additions	-	-	94	227	43	364
<b>At 30 June 2023</b>	<b>150</b>	<b>3,274</b>	<b>436</b>	<b>300</b>	<b>533</b>	<b>4,693</b>
<b>Depreciation</b>						
At 1 January 2023	-	182	205	-	301	688
Charge for the period	-	55	51	7	54	167
<b>At 30 June 2023</b>	<b>-</b>	<b>237</b>	<b>256</b>	<b>7</b>	<b>355</b>	<b>855</b>
<b>Net book value at 30 June 2023</b>	<b>150</b>	<b>3,037</b>	<b>180</b>	<b>293</b>	<b>178</b>	<b>3,838</b>

The majority of plant and machinery additions relate to investment in smart metering assets, which have an economic life of 15 years.

#### 11. Right-of-use assets and lease liabilities

	Buildings £'000	Motor Vehicles £'000	Total £'000
<b>Cost</b>			
At 1 January 2024	1,966	804	2,770
Additions	-	1,394	1,394
Disposals	(65)	-	(65)
<b>At 30 June 2024</b>	<b>1,901</b>	<b>2,198</b>	<b>4,099</b>
<b>Depreciation</b>			
At 1 January 2024	835	259	1,094
Charge for the period	83	251	334
Disposals	(65)	-	(65)
<b>At 30 June 2024</b>	<b>853</b>	<b>510</b>	<b>1,363</b>
<b>Net book value at 30 June 2024</b>	<b>1,048</b>	<b>1,688</b>	<b>2,736</b>
<b>Cost</b>			
At 1 January 2023	799	-	799
Additions	1,033	615	1,648
<b>At 30 June 2023</b>	<b>1,832</b>	<b>615</b>	<b>2,447</b>
<b>Depreciation</b>			
At 1 January 2023	686	-	686
Charge for the period	76	152	228
<b>At 30 June 2023</b>	<b>762</b>	<b>152</b>	<b>914</b>
<b>Net book value at 30 June 2023</b>	<b>1,070</b>	<b>463</b>	<b>1,533</b>

The Group has a lease arrangement for its main office facilities in Nottingham which was extended in the year 31 December 2023 (on an arm's length basis with a related party as disclosed in note 22), and a number of motor vehicle lease arrangements for engineering installation activities.

Other leases are short term or of low value underlying assets.

#### 12. Inventory

	30 June 2024 £'000	30 June 2023 £'000	31 December 2023 £'000
Stocks of goods for resale	1,838	297	546
	<b>1,838</b>	<b>297</b>	<b>546</b>

Inventory relates to smart meters purchased which are expected to be installed on customer sites as part of the Group's objective of installing and financing new smart meters.

#### 13. Trade and other receivables

	30 June 2024 £'000	30 June 2023 £'000	31 December 2023 £'000
<b>Current</b>			
Gross trade receivables	48,829	34,049	39,435
Provision for doubtful debts and expected credit loss	(31,736)	(23,329)	(27,651)
Net trade receivables	17,093	10,720	11,784
Accrued income - net of provision	41,839	17,410	52,325
Prepayments and pre-contract costs	10,892	5,190	6,244
Cash collateral deposited for commodity hedging	-	16,500	49,822
Other receivables	5,624	3,974	7,047
	<b>75,448</b>	<b>53,794</b>	<b>127,222</b>
<b>Non-current</b>			
Prepayments and pre-contract costs	9,109	-	5,231
	<b>9,109</b>	<b>-</b>	<b>5,231</b>

Movements in the provision for doubtful debts and expected credit loss in gross trade receivables are as follows:

	30 June 2024 £'000	30 June 2023 £'000	31 December 2023 £'000
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Opening balance	27,651	19,499	19,499
Provisions recognised less unused amounts reversed	7,103	7,864	14,824
Provision utilised in the year	(3,018)	(4,034)	(6,672)
Closing balance - provision for doubtful debts and expected credit loss	31,736	23,329	27,651

The directors have assessed the level of provision at 30 June 2024 by reference to the recoverability of customer receivable balances post the period end, and believe the provision carried is appropriate and cautious in view of the context of the wider energy market and economy. The provision for expected credit loss on accrued income is £956,000 (30 June 2023: £2,051,000 and 31 December 2023: £1,710,000).

The total net impairment losses on financial and contract assets of £6,349,000 (H1 2023: £8,085,000 and FY 2023: £14,309,000) consists of £7,710,000 (H1 2023: £7,864,000 and FY 2023: £14,824,000) on trade receivables, a £754,000 credit (H1 2023: £221,000 charge and FY 2023: £120,000 credit) on accrued income plus £607,000 credit (H1 2023: £nil and FY 2023: £526,000 credit) for other balances written back.

The directors consider that the carrying amount of trade and other receivables approximates to their fair value due to their maturities being short term.

As at 31 December 2023, the Group balance of £49,822,000 of cash collateral was deposited with the Group's previous trading commodity partner to cover credit exposure of that counterparty on the forward hedges entered into by the Group (30 June 2023: £16,500,000). As at 30 June 2024 this collateral has been fully recovered as part of arrangements to secure new trading arrangements with Shell.

Included within other receivables is a balance of £613,000 (30 June 2023: £500,000 and 31 December 2023: £522,000) which relates to a bank cash deposit. This cash deposit does not fulfil the criteria of being classified as cash and cash equivalents in view of the balance being secured and *locked* for operational activities of the Group. Group other receivables also includes immaterial amounts due from BEIS related energy relief schemes.

#### *Analysis of trade receivables and accrued income*

Included within accrued income and trade receivables are the following gross and expected credit loss provisions, allocated between active customer accounts, which represent customers that remain on supply at the balance sheet date, and those customers which have left the supply ("Terminated") of the Group. Different provision rates are allocated to active and Terminated customer balances, and based on the age of the debt, based on an assessment of expected credit loss for each such category. The gross amount of trade receivables is stated inclusive of VAT and CCL of approximately 19% which, on the write-off of debt, would typically be recoverable and is therefore not provided for.

As at 30 June 2024	Active Gross carrying amount £'000	Active Loss Allowance £'000s	Terminated Gross carrying amount £'000	Terminated Loss Allowance £'000s	Total Gross carrying amount £'000	Total Loss Allowance £'000s	Net £'000
<b>Accrued income</b>							
Not overdue	42,795	(956)	-	-	42,795	(956)	41,839
<b>Total accrued income</b>	<b>42,795</b>	<b>(956)</b>	<b>-</b>	<b>-</b>	<b>42,795</b>	<b>(956)</b>	<b>41,839</b>
<b>Trade receivables</b>							
Not overdue	4,229	(85)	2,761	(135)	6,991	(220)	6,771
Overdue less than 90 days	5,454	(1,766)	3,632	(2,409)	9,086	(4,175)	4,911
Overdue more than 90 days	7,800	(6,516)	24,952	(20,825)	32,752	(27,341)	5,411
<b>Total trade receivables</b>	<b>17,484</b>	<b>(8,367)</b>	<b>31,345</b>	<b>(23,369)</b>	<b>48,829</b>	<b>(31,736)</b>	<b>17,093</b>

Historical comparative amounts at 30 June 2023 were not disclosed.

#### **14. Cash and cash equivalents**

	30 June 2024 £'000	30 June 2023 £'000	31 December 2023 £'000
Cash at bank and in hand	89,426	36,621	32,477

As disclosed in note 13, the cash and cash equivalents amount excludes £613,000 (30 June 2023: £500,000 and 31 December 2023: £522,000) of cash which is included in other receivables.

#### **15. Trade and other payables**

	30 June 2024 £'000	30 June 2023 £'000	31 December 2023 £'000
<b>Current</b>			
Trade payables	10,531	2,448	6,492
Accrued expenses	79,759	50,777	88,737
Lease liabilities	845	327	354
Tax and social security	12,858	8,023	15,347
Other payables	13,328	11,495	12,915
	<b>117,321</b>	<b>73,070</b>	<b>123,845</b>
<b>Non-current</b>			
Accrued expenses	13,538	5,063	-
Lease liabilities	1,912	1,213	1,281
	<b>15,450</b>	<b>6,276</b>	<b>1,281</b>

#### **Lease liabilities**

The incremental borrowing rate determined for leases is 6%.

The contractual maturities (representing undiscounted contractual cash flows) of the lease liabilities are as follows:

	30 June 2024 £'000	30 June 2023 £'000	31 December 2023 £'000
<b>Current</b>			
Expiring in less than one year	986	397	450
Expiring between two to five years	1,629	841	954
Expiring after more than five years	525	665	595
	<b>3,140</b>	<b>1,903</b>	<b>1,999</b>

The remaining trade and other payables have undiscounted contractual cash flows equal to their fair value and are payable within a year.

## 16. Borrowings

	30 June 2024 £'000	30 June 2023 £'000	31 December 2023 £'000
<b>Current</b>			
Bank loan	102	-	3
<b>Non-current</b>			
Bank loan	2,515	-	352

Borrowings relate to the Group's investment in smart meters which return an index-linked, recurring annuity over a 15+ year term. The amount outstanding relates to amounts drawn on a £5.2m facility, agreed during 2023, with Siemens Finance in relation to the finance of such meters. Repayments are over a 10 year period with a bullet repayment, and with an interest rate fixed at the date of drawdown. The borrowings are fully secured on the assets of the wholly owned subsidiary entity, Kensington Meter Assets Limited.

The bank loan is shown net of unamortised arrangement fees of £190,000 which are being amortised over the life of the loan.

The contractual maturities (representing undiscounted contractual cash flows) of the bank loans are as follows:

	30 June 2024 £'000	30 June 2023 £'000	31 December 2023 £'000
<b>Current</b>			
Expiring in less than one year	337	-	67
Expiring between two to five years	1,365	-	268
Expiring after more than five years	2,268	-	530
	<b>3,970</b>	<b>-</b>	<b>865</b>

## 17. Financial derivative liability

	30 June 2024 £'000	30 June 2023 £'000	31 December 2023 £'000
<b>Current</b>			
Financial derivative liability	-	(1,049)	-
<b>Non-current</b>			
Financial derivative liability	-	(126)	-

There is no financial derivative asset or liability as 30 June 2024 and 31 December 2023 as the forward commodity trades outstanding are intended to be fully utilised for the Group's "own use" (under IFRS 9) to meet expected customer demand in the normal course of business. At 30 June 2023, the £1,175,000 financial derivative liability reflected the fair value of a small proportion of the Group's forward commodity trades which were not judged to meet the strict "own use" criteria under IFRS 9.

## 18. Financial instruments and risk management

The Group's principal financial instruments are cash, trade and other receivables, trade and other payables and derivative financial assets.

Derivative instruments, related to the Group's hedging of forward gas and electricity demand, are level 1 financial instruments and are measured at fair value through the statement of profit or loss where they are not treated as "own use" under IFRS 9. Such fair value is measured by reference to quoted prices in active markets for identical assets or liabilities.

All derivatives are held at a carrying amount equal to their fair value at the period end. The Group trades entirely in pounds sterling and therefore it has no foreign currency risk.

The Group has exposure to the following risks from its use of financial instruments:

- commodity hedging and derivative instruments (related to customer demand and market price volatility, and counterparty credit risk);
- customer credit risk; and
- liquidity risk.

### (a) Commodity trading and derivative instruments

The Group is exposed to market risk in that changes in the price of electricity and gas may affect the Group's income or liquidity position. The use of derivative financial instruments to hedge customer demand also results in the Group being exposed to risks from significant changes in customer demand (beyond that priced into the contracts), and counterparty credit risk with the trading counterparty.

### **Commodity, energy prices and customer demand**

The Group uses commodity purchase contracts to manage its exposures to fluctuations in gas and electricity commodity prices. The Group's objective is to reduce risk in energy price volatility by entering into back-to-back (to the extent practical) energy contracts with its suppliers and customers, in accordance with a Board approved risk mandate. Commodity purchase contracts are entered into as part of the Group's normal business activities.

Commodity purchase contracts are expected to be delivered entirely to the Group's customers and are therefore classified as "own use" contracts. These instruments do not fall into the scope of IFRS 9 and therefore are not recognised in the financial statements.

If any of the contracts in the Group's portfolio are expected to be settled net in cash and are not entered into so as to hedge, in the normal course of business, the demand of customers, then such trades are measured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit and loss. All forward trades were considered to meet the criteria for "own use" at 30 June 2024 and 31 December 2023.

As far as practical, in accordance with the risk mandate, the Group attempts to match new sales orders (based on estimated energy consumption, assuming normal weather patterns, over the contract term) with corresponding commodity purchase contracts. There is a risk that at any point in time the Group is over or under-hedged. Holding an over or under-hedged position opens the Group up to market risk which may result in either a positive or negative impact on the Group's margin and cash flow, depending on the movement in commodity prices. In view of the Group's commodity hedging position and available mitigation, any major deviation in customer demand is not considered to deliver a material impact on the Group's financial performance.

Increased volatility of global gas and electricity commodity prices has increased the potential gain or loss for an over or under-hedged portfolio, and the Group continues to closely monitor its customer demand forecast to manage volatility. The Group also applies premia in its pricing of contracts to cover some market volatility (which has proven to be robust despite the market context), and contracts with customers also contain the ability to pass through costs which are incurred as a result of customer demand being materially different to the estimated volume contracted.

As contracts are expected to be outside of IFRS 9, there is no sensitivity analysis provided on such contracts.

#### **Liquidity risk from commodity trading**

The Group's trading arrangements can, in the absence of suitable credit lines or other arrangements being in place, result in the need to post cash or other collateral to trading counterparties when commodity markets are below the Group's average weighted price contracted forward. A significant reduction in electricity and gas markets could, therefore, lead to a material exposure arising for any trading counterparty which, in the absence of a suitable credit arrangement, could result in credit support such as cash being required as collateral.

As part of the Group's new Trading Agreement with Shell, signed in February 2024, there is no requirement in the normal course to provide any such credit support and, as such, no impact on liquidity risk in the normal course of business.

#### **Trading counterparty credit risk**

In mirror opposite to the liquidity risk noted above, the Group carries credit risk to trading counterparties where market prices are above the average weighted price contracted forward. In view of the lower energy commodity markets experienced at the end of 2023 and 2024, this credit risk is not held at 30 June 2024 and 31 December 2023. However, any such credit exposure would predominantly arise with the Group's main trading counterparty, being Shell from February 2024.

The Board monitors the position in respect of credit exposure with its trading counterparties, and contracts only with major organisations which the Board considers to be robust and of appropriate financial standing.

#### **(b) Customer or other counterparty credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual

obligations and arises principally from the Group's receivables from customers (in addition to trading counterparties as noted in section (a) above).

These operational exposures are monitored and managed at Group level. All customers operate in the UK and turnover is made up of a large number of customers each owing relatively small amounts. New customers have their credit checked using an external credit reference agency prior to being accepted as a customer. The provision of a smart meter is also mandatory for some sales channels.

Credit risk is also managed through the Group's standard business terms, which require all customers to make a monthly payment predominantly by direct debit, and requires security deposits in advance where appropriate. At 30 June 2024 and 31 December 2023 there were no significant concentrations of credit risk. The carrying amount of the financial assets (less the element of VAT and CCL included in the invoiced balance, which is recoverable in the event of non-payment by the customer) represents the maximum credit exposure at any point in time.

The Board considers the exposure to debtors based on the status of customers in its internal debt journey, the level of customer engagement in finding an appropriate solution, the customer's creditworthiness, the provision for doubtful debts and expected credit loss held, the level of reclaimable VAT and CCL on the balances, and cash received after the period end.

At 30 June 2024 the Group held a provision against doubtful debts and expected credit loss of £32,692,000 (30 June 2023: £25,381,000 and 31 December 2023: £29,361,000). This is a combined provision against both trade receivables at £31,736,000 (30 June 2023: £23,329,000 and 31 December 2023: £27,651,000) and accrued income at £956,000 (30 June 2023: £2,052,000 and 31 December 2023: £1,710,000). The increase reflects the growth in the Group's activities, which is mitigated by strong customer collections recorded in 2024.

In relation to trade receivables, after provision and accounting for VAT and CCL reclaimable, the exposure assessed by directors is less than 3% of the gross balance. If this exposure was +/-1% of that assessed, the gain or loss arising recognised in the income statement and impacting net assets would be +/-£488,000.

If the expected customer credit loss rate on accrued income was +/-1%, the gain or loss arising would be +/-£428,000.

#### **(c) Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board is responsible for ensuring that the Group has sufficient liquidity to meet its financial liabilities as they fall due and does so by monitoring cash flow forecasts and budgets.

The Board also monitors the position in respect of the Group's performance against covenants as part of its trading arrangements and any requirements under its licence to operate including its Ofgem energy supply licence.

arrangements, and any requirements under its licence to operate including its origin energy supply licence.

As part of assessing the Group's liquidity, the Board considers: low profitability; delays in customer receivable payments; major risks and uncertainties; and the ability to comply with its Trading Agreements.

Any excess cash balances are held in short-term deposit accounts which are either interest or non-interest accounts. At 31 December 2024 the Group had £89,426,000 (30 June 2023: £36,621,000 and 31 December 2023: £32,477,000) of cash and bank balances (as per note 13).

## 19. Share capital and reserves

	30 June 2024 Number	30 June 2024 £'000	31 December 2023 Number	31 December 2023 £'000
Share capital				
Allotted and fully paid ordinary shares of £0.005 each	17,019,315	85	16,741,195	84

The Company has one class of ordinary share which carries no right to fixed income. The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company.

The Group movement in reserves is as per the statement of changes in equity.

Share capital represents the value of all called up, allotted and fully paid shares of the Company. The movement in the period relates to the exercise of share options at an exercise prices of between £0.005 and £10.38.

The share premium account represents amounts received on the issue of new shares in excess of their nominal value, net of any direct costs of any shares issued. The share premium movement in the period relates to the excess, where appropriate, of the price at which options were exercised during the year over the £0.005 nominal value of those shares.

### Treasury shares

Consideration paid/received for the purchase/sale of treasury shares is recognised directly in equity. Shares held by and disclosed as treasury shares are deducted from contributed equity.

Any excess of the consideration received on the sale of treasury shares over the weighted average cost of the shares sold is credited to retained earnings.

On 22 May 2024 the Company, utilising its existing authority to repurchase its ordinary shares, purchased 234,978 Ordinary Shares at the market price at that time of £17 per share totalling £3,995,000 to hold in treasury. It is intended that these Ordinary Shares held in treasury will be utilised to satisfy future option exercises.

	30 June 2024 Number	30 June 2024 £'000	31 December 2023 Number	31 December 2023 £'000
Other equity				
Treasury shares	(234,978)	(3,995)	-	-

### Merger reserve

The merger reserve was created as part of the 2016 Group reorganisation prior to listing.

### Retained earnings

Retained earnings comprises the Group's cumulative annual profits and losses.

## 20. Share based payments

The Group operates a number of share option plans for qualifying employees. Options in the plans are settled in equity in the Company. In addition, the Group operates a Shadow Share Scheme for qualifying employees, which is settled in cash based on certain performance conditions.

The terms and conditions of the outstanding grants made under the Group's share options schemes are as follows:

Exercisable between						Amount outstanding at 31 December 2023
Date of grant	Expected term	Commencement	Lapse	Exercise price	Vesting schedule	30 June 2024
6 April 2017	3	6 April 2020	6 April 2027	£0.005	1	43,950
6 April 2017	6.5	6 April 2020	6 April 2027	£2.844	1	87,900
28 September 2017	6.5	28 September 2020	28 September 2027	£5.825	1	13,500
9 April 2018	6.5	9 April 2021	9 April 2028	£10.38	1	38,084
26 September 2018	6.5	26 September 2021	26 September 2028	£8.665	1	-
25 February 2019	6.5	25 February 2022	25 February 2029	£1.09	1	-
4 October 2020	3	30 April 2023	4 October 2030	£0.005	2	76,617
4 October 2020	3	30 April 2024	4 October 2030	£0.005	3	76,617
13 May 2022	2	30 April 2024	4 October 2030	£0.005	3	-
1 December 2022	3	1 January 2026	1 July 2026	£2.28	4	154,169
19 December 2022	3.3	31 March 2026	31 March 2033	£0.005	5	662,000
17 May 2024	2	31 March 2026	31 March 2033	£0.005	6	30,000
						1,182,837
Weighted average remaining contractual life of options outstanding						6.7 years

The following vesting schedules apply:

- 100% of options vest on the third anniversary of date of grant.
- 100% of options have vested on the achievement of a performance condition related to the Group's share price at a pre determined date.
- The level of vesting is dependent on a performance condition, being the Group's share price at a pre-determined date.

4. 100% of options vest on the third anniversary of the Save As You Earn ("SAYE") savings contract start date.
5. The level of vesting is dependent on a performance condition, being the Group's EBITDA over a qualifying period.
6. The level of vesting is dependent on a performance condition, being the number of meters owned at the end of a qualifying period.

The number and weighted average exercise price of share options were as follows:

	30 June 2024	31 December 2023
	shares	shares
Balance at the start of the period	1,533,324	1,722,632
Granted	30,000	-
Forfeited	(102,367)	(97,731)
Lapsed	-	-
Exercised	(278,120)	(91,577)
Balance at the end of the period	1,182,837	1,533,324
Vested at the end of the period	336,668	416,861
Exercisable at the end of the period	336,668	416,861
Weighted average exercise price for:		
Options granted in the period	-	-
Options forfeited in the period	£0.058	£0.534
Options exercised in the period	£1.353	£1.354
Exercise price in the range:		
From	£0.005	£0.005
To	£10.38	£10.38

The fair value of each option grant is estimated on the grant date using an appropriate option pricing model. There were no options granted in 2023. The following fair value assumptions were assumed in the year:

	30 June 2024	31 December 2023
Dividend yield	2.4%	-
Risk-free rate	4.31%	-
Share price volatility	417%	-
Expected life (years)	2 years	-
Weighted average fair value of options granted during the period	£0.005	-

The share price volatility assumption is based on the actual historical share price of the Group since IPO in March 2016.

The total expenses recognised for the year arising from share based payments are as follows:

	30 June 2024	31 December 2023
	£'000	£'000
Equity-settled share based payment expense	528	1,150
Cash-settled share based payment expense	607	-
National Insurance costs related to exercise of share options	570	108
Total share based payment charge	1,705	1,258

Cash-settled share based payment expense in the period to 30 June 2024 relates to a shadow share scheme issued in the period.

National Insurance costs relate to Employer's National Insurance payable on the exercise of unapproved (for tax purposes) share options.

## 21. Commitments

### Capital commitments

The Group has entered into contracts to develop its digital platform as part of the Digital by Default strategy. Such contracts may be terminated with a limited timescale and as such are not disclosed as a capital commitment.

The Group has no other capital commitments at 30 June 2024 (2023: £nil).

### Security

The Group has entered into Trading Agreements with the Shell Group in February 2024 to provide access to commodity markets. As part of this arrangement there is a requirement to meet certain covenants, a fixed and floating charge (including mandate over certain banking arrangements in the event of default) over the main trading subsidiaries of the Group, being Yü Energy Holding Limited and Yü Energy Retail Limited, and a parent company guarantee from Yü Group PLC.

As part of the Group's activities in financing smart meters, a Group entity has provided security over such assets in relation to bank debt provided by Siemens Finance.

Yü Group PLC provides parent company guarantees on behalf of its wholly owned subsidiaries to a small number of industry counterparties as is commonplace for the utilities sector.

As disclosed in note 13, included in other receivables of the Company and the Group is an amount of £500,000 held in a separate bank account over which the Group's bankers have a fixed and floating charge.

### Contingent liabilities

The Group had no contingent liabilities at 30 June 2024 (2023: £nil).

## 22. Related parties and related party transactions

The Group has transacted with CPK Investments Limited (an entity owned by Bobby Kalar). CPK Investments Limited owns one of the properties from which the Group operates via a lease to Yü Energy Retail Limited. During the six months to 30 June 2024 the Group paid £35,000 in lease rental and service charges to CPK Investments Limited (30 June 2023: £65,000 and 31 December 2023: £135,000). There was no amount owing to or from CPK Investments Limited at 30 June 2024 (30 June 2023: £nil and 31 December 2023: £35,000).

Limited at 30 June 2024 (30 June 2023: £m and 31 December 2023: £00,000).

The directors, after taking external advice including from an external independent valuer, reviewed the terms of the lease with CPK Investments Limited for the Nottingham head-office. The Group entered into an agreement in April 2023 to extend the term of the lease and amended certain terms (which remain on an arms-length basis).

On 17 May 2024 the Company acquired 234,978 ordinary shares, at the then market rate of £17 per share, via its broker Liberum Wealth Limited. These shares remain in treasury on 30 June 2024. On the same date as the Company's purchase, Paul Rawson (Chief Financial Officer) and a person closely related to him, and two employees of the Group, sold shares through Liberum Capital Limited, of which some such shares were sold at the same market price (less commission).

All transactions with related parties have been carried out on an arm's length basis.

### 23. Net cash / (net debt) reconciliation

The net cash / (net debt) and movement in the period were as follows:

	30 June 2024 £'000	30 June 2023 £'000	31 December 2023 £'000
Cash and cash equivalents	89,426	36,621	32,477
Borrowings	(2,617)	-	(355)
Net cash	86,809	36,621	32,122

The movements in net cash/ (net debt) and lease liabilities were as follows:

	Cash £'000	Borrowings £'000	Sub-total Net Cash £'000	Leases £'000	Total £'000
<b>Balance as at 1 January 2024</b>	32,477	(355)	(32,122)	(1,635)	30,487
Cash flows:					
Movement in cash and cash equivalents	56,949	-	56,949	-	56,949
Drawdown of new borrowings	-	(2,250)	(2,250)	-	(2,250)
Interest	-	(61)	(61)	(63)	(124)
Repayment	-	49	49	330	379
Recognition of leases acquired on right-of-use assets	-	-	-	(1,394)	(1,394)
Modification of lease liabilities	-	-	-	5	5
<b>Balance as at 30 June 2024</b>	<b>89,426</b>	<b>(2,617)</b>	<b>86,809</b>	<b>(2,757)</b>	<b>84,052</b>

	Cash £'000	Borrowings £'000	Sub-total Net Cash £'000	Leases £'000	Total £'000
<b>Balance as at 1 January 2023</b>	18,970	-	18,970	(160)	18,810
Cash flows:					
Movement in cash and cash equivalents	17,651	-	17,651	-	17,651
Interest	-	-	-	(36)	(36)
Repayment	-	-	-	268	268
Recognition of leases acquired on right-of-use assets	-	-	-	(1,648)	(1,648)
Modification of lease liabilities	-	-	-	36	36
<b>Balance as at 30 June 2023</b>	<b>36,621</b>	<b>-</b>	<b>36,621</b>	<b>(1,540)</b>	<b>35,081</b>

### 24. Post-balance sheet events

On 3 July 2024, the Company's capital reduction was approved and certified under section 649 of the Companies Act 2006, with the Company's then share premium account balance reduced to nil. The share premium account of £12,283,683 was credited to distributable reserves.

There are no other significant post-balance sheet events.

[1] Cornwall Insight 'Market Share Survey' reports 30 April 2024 for the gas and electricity segments.

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