

# TelecomPlus

26 November 2024

Telecom Plus PLC

Half-Year Results for the Six Months ended 30 September 2024

***"Compounding double-digit customer growth continues"***

Telecom Plus PLC (trading as Utility Warehouse or UW), which supplies a wide range of utility services focussed on domestic customers, today announces its half-year results for the six months ended 30 September 2024 (H1 FY25).

## Financial highlights

- Revenues of £697.8m (H1 FY24: £883.6m) due to lower retail energy prices
- Gross profit up 1.7% to £167.8m (H1 FY24: £165.0m)
- Adjusted profit before taxation<sup>1</sup> up 5.5% to £46.1m (H1 FY24: £43.7m)
- Adjusted EPS<sup>1</sup> up 12.4% to 43.6p (H1 FY24: 38.8p)
- Statutory profit before taxation up 9.2% to £39.0m (H1 FY24: £35.7m)
- Statutory EPS up 19.0% to 35.1p (H1 FY24: 29.5p)
- Underlying net debt to EBITDA ratio<sup>1</sup> of 0.8x (FY24: 0.9x) on a 12-month rolling basis
- Interim dividend increased to 37p per share (H1 FY24: 36p)

## Operating highlights

- Customer numbers up by 66,829 to 1,078,318 (March 2024: 1,011,489), representing annualised customer growth for H1 of over 13%
- Total services supplied up by 139,252 to 3,266,349 (March 2024: 3,127,097)
- Launched our fastest ever full fibre "900" broadband product
- Introduced our first EV tariffs offering market leading overnight charging prices for multiservice customers
- Winner of Best Customer Service and Best Value for Money at the uSwitch 2024 Energy awards
- All Insurance products cleared to write new policies following FCA review, with Bill Protector remediation completed in line with non-material provision taken in FY24

## Current trading & outlook

- Following three consecutive years of compound double-digit customer growth, we remain firmly on track to increase our customer base to 2m over the medium term
- Macro-economic pressures and long term structural trends continue to provide a favourable environment for new Partner recruitment and engagement
- We are now the 7th largest energy supplier in the UK, with c.3% market share
- Confident in meeting full year FY25 guidance of 12%-14% customer growth and £124-£128m of adjusted pre-tax profit
- Capital allocation policy updated to prioritise dividend growth, with a target dividend payout ratio of 80-90% of adjusted net profit. On the basis of our restated financial guidance, this would result in our full year dividend payout increasing by at least c.13% to 94p
- Gross cost of budget changes to employer's NIC and National Living Wage would be c.£3m in FY26 which we expect to be able to mitigate

1. The reconciliations for the following alternative performance measures: adjusted profit before tax and net debt/adjusted EBITDA, and adjusted EPS, are set out in notes 4 and 9 respectively.

## Commenting on today's results, Stuart Burnett, CEO said:

*"We are pleased to see continuing double digit compound growth in customer numbers for the third consecutive year, by continuing to help households to stop wasting time and money. Our unique multiservice model means we can continue to provide market-leading savings, and sustainably outcompete, in a wide range of market conditions. With a new, market-leading EV charging tariff and full fibre broadband offering, our Partners have even more ways to help their friends and family to save, whilst building a valuable long-term additional income for themselves."*

*A combination of improved efficiency and the strength of our multiservice model led to a 5.5% increase in adjusted profit before tax, notwithstanding lower revenues in the period as a result of falling energy prices.*

*The tax rises introduced in the recent Budget are expected to increase the pressures on household budgets, an environment in which the savings and earnings provided by our business model are likely to be in growing demand. We look forward to helping more and more people up and down the country as we take further strides towards doubling the business to 2 million customers and beyond."*

**There will be a virtual management presentation for analysts and investors today starting at 09.00am, accessible via [https://brmedia.news/TEP\\_H1\\_25](https://brmedia.news/TEP_H1_25)**

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#### **About Telecom Plus PLC ("Telecom Plus"):**

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

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

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

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

LEI code: 549300QGHD5UKE58G86

#### **Cautionary statement regarding forward-looking statements**

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

#### **Introduction**

The business has delivered uninterrupted growth in customer numbers for every one of its 26+ years, across a broad spectrum of market and macroeconomic conditions. For the last 3 consecutive years, during which energy prices have risen, fallen and then stabilised, we have delivered compounding double-digit percentage customer growth. This performance clearly demonstrates the strength of our business model and the achievability of our medium term ambition to increase our customer base to 2m customers and beyond, alongside continuing strong and sustainable growth in our earnings and dividends.

We bundle essential home services together to give UW customers peace of mind, sustainable long-term savings, and a simple single monthly bill, together with award-winning customer service; ensuring our customers stay with UW for far longer than our competitors. The combination of higher revenues per customer (from taking multiple services) and lower churn generate a significantly higher average customer lifetime value.

With a single set of central overheads supporting our multiple revenue streams we have a sustainable, structural cost advantage; this enables us to offer the best value across our range of services and deliver significant savings to our customers year after year.

The key to acquiring new multiservice customers is our unique and hard-to-replicate word-of-mouth acquisition model. Over many years we have built up a large UK-wide community of Partners, people from all walks of life, who are real advocates for our proposition. They overcome the natural inertia that exists to simultaneously switch multiple essential household services by personally explaining to family, friends, work colleagues and acquaintances the convenience of a single UW account for all their household services and the long-term value we offer. This unique approach enables us to successfully grow our multiservice customer base in a way that other customer acquisition strategies cannot replicate.

#### **H1 FY25 Overview**

With rational competition now firmly embedded in the retail energy market, the company has continued to perform strongly, clearly demonstrating the enduring ability of our business model to deliver double-digit organic growth under any wholesale energy price environment; this underpins our confidence that the profitable growth trajectory seen over the last three years will continue.

We were pleased to welcome 66,829 additional customers to UW during the first half, representing an annualised growth rate of over 13%. This takes the total number of customers we supply to a record high of 1,078,318. Ongoing multiservice take-up amongst new customers seeking to maximise the savings that they can make on their household bills resulted in the number of services we supply to our customers increasing by a further 139,252, to a total of 3,266,349.

Our unique Partner network enables this growth by giving us a way of acquiring high-quality hard to reach homeowner customers. Our Partners help to overcome the natural inertia associated with switching multiple household services simultaneously through providing a trusted source of information and reassurance on the switching journey. Interest in

our Partner income opportunity remained strong in the period, bolstered by continued high interest rates and cost of living pressures as well as long term trends connected to the work transition and the UK pensions crisis.

While high-quality growth remains a core focus for the business, we have also prioritised supporting our customers, delivering for our employees and on our ESG objectives: we have increased support for vulnerable customers through our prepayment customer service hub, investment in our Ability to Pay teams and through the UW hardship fund, which is administered in partnership with the Citizens Advice Bureau. We continue to play our role in the transition to net zero, particularly through the smart meter rollout and our new EV tariffs.

## Financial Results

	Adjusted			Statutory		
Half year to 30 September	2024	2023	Change	2024	2023	Change
Revenue	£697.8m	£883.6m	(21.0)%	£697.8m	£883.6m	(21.0)%
Gross profit	£167.8m	£165.0m	1.7%	£167.8m	£165.0m	1.7%
Profit before tax	£46.1m	£43.7m	5.5%	£39.0m	£35.7m	9.2%
Basic earnings (per share)	43.6p	38.8p	12.4%	35.1p	29.5p	19.0%
Interim dividend (per share)	37.0p	36.0p	2.8%	37.0p	36.0p	2.8%

*In order to provide a clearer presentation of the underlying performance of the group, adjusted profit before tax and adjusted basic EPS exclude share incentive scheme charges of £1.5m (2023: £2.4m), and the amortisation of the intangible asset of £5.6m (2023: £5.6m) arising from entering into the energy supply arrangements with E.ON (formerly npower) in December 2013; this decision reflects both the relative size and non-cash nature of these charges. The reconciliations for adjusted profit before tax and adjusted EPS are set out in notes 4 and 9 respectively.*

Adjusted profit before tax increased by 5.5% to £46.1m (2023: £43.7m) on lower revenues of £697.8m (2023: £883.6m). Statutory profit before tax increased by 9.2% to £39.0m (2023: £35.7m). The fall in revenues reflects the reduction in the energy price cap during the period, compared with the much higher level that prevailed in Q1 of the prior financial year. This factor also resulted, as expected, in year on year profit growth in H1 being lower than customer growth.

Adjusted earnings per share increased to 43.6p (2023: 38.8p). Statutory profit before tax increased to £39.0m (2023: £35.7m), including energy supply contract intangible amortisation of £5.6m (2023: £5.6m), and share incentive scheme charges of £1.5m (2023: £2.4m).

We will be paying an interim dividend of 37p per share (2023: 36p) on 20 December 2024 to shareholders on the register on 6 December 2024; the Company's shares will go ex-dividend on 5 December 2024.

### Revenues

The decrease in revenue reflects lower average energy prices (against a strong comparative in the first quarter of H1 FY24), partially offset by the increase in the number of services we are supplying following a period of continued strong customer growth.

### Gross margin

Gross margin rose to 24.1% (2023: 18.7%), largely due to the increase in the proportion of revenues which came from higher margin non-energy services.

### Costs

Distribution expenses of £24.4m (2023: £25.4m) increased as a percentage of sales, reflecting the higher residual commission percentages which we pay to our Partners on non-energy services.

Administrative expenses (excluding the amortisation of the energy supply contract intangible and share incentive scheme charges) increased to £77.8m (2023: £76.4m). This modest increase was achieved (against the backdrop of continued double-digit customer growth) through an ongoing focus on operational efficiency.

The bad debt charge for the period fell to £15.1m (2023: £18.8m) due to lower energy prices but remained broadly flat as a percentage of sales at 2.2% (2023: 2.1%). This reflected continued elevated levels of customer non-payment arising from previously high energy prices and the temporary moratorium on the involuntary installation of prepayment meters. The temporary moratorium was lifted in March 2024 and the progressive ramp-up of this debt recovery process is ongoing. Any movements in bad debt levels across the industry are recovered through increases in the relevant Ofgem price cap allowance, all of which accrue to the Group. The gross cost of the October budget changes to employer's NIC and National Living Wage would be c.£3m in FY26 which we expect to be able to mitigate.

### Cash Flow and Borrowings

The operating cash inflow of £53.6m during the period broadly reflected operating profit and a small working capital benefit from short-term timing differences relating to payments for wholesale energy which are not expected to continue.

continue.

In H1 of the prior year the operating cash outflow of £142.6m mainly reflected the unwinding of £121m of funds associated with the Government's energy support schemes that were received in advance of the previous year end. In addition, there were one-off timing differences relating to wholesale energy supply payments, and higher corporation tax instalment payments.

Capital expenditure of £6.2m in the current period (2023: £6.3m) related primarily to our ongoing technology investment programme.

Net debt (including lease liabilities) fell to £114.6m at the period end (31 March 2024: net debt £122.5m). This was mainly due to the short-term timing benefits from wholesale energy supply payments referred to above. The underlying net debt to EBITDA ratio (on a 12-month rolling basis) was 0.8x (31 March 2024: 0.9x).

#### Tax

Our effective tax rate for the first half was 29.1% (2023: 34.6%, this was unusually high due to a movement in deferred tax). The overall level during the current period was above the underlying rate of UK corporation tax of 25% due mainly to the ongoing amortisation charge on our energy supply contract intangible asset (which is not an allowable deduction for tax purposes).

#### Our Customers

We were delighted to welcome over 66,829 net additional customers to UW during the first half, representing an annualised growth rate of over 13%.

	H1 FY2025	FY2024	H1 FY2024
Residential	1,064,442	995,892	931,464
Small Business	13,876	15,597	17,716
<b>Total</b>	<b>1,078,318</b>	<b>1,011,489</b>	<b>949,180</b>

We continue to focus on driving high-quality customer growth, with multiservice homeowners being our primary target demographic. Our small business offering remained closed to new customers during the period, although it is expected to re-open over the coming months.

#### Our Services

We are pleased to have seen further healthy growth across our energy, mobile and broadband services during the period. In particular, we saw 26% annualised growth in mobile services following the introduction of a more competitive and market-leading second SIM mobile offer.

Service growth overall was modestly behind customer growth, reflecting several factors including the temporary pause on new sales for some Insurance products (which has now been lifted), strong demand for our mobile only service, greater take up of our 2-service fixed energy tariff compared with the 3-service tariff and higher energy service churn related in part to the lack of an EV tariff until late in the period.

	H1 FY2025	FY2024	H1 FY2024
<b>Core services</b>			
Energy	1,729,863	1,678,404	1,606,509
Broadband	384,890	374,792	363,595
Mobile	526,167	466,216	424,114
Insurance	135,113	139,109	118,889
<b>Other services</b>			
Cashback Card	470,810	448,529	434,588
Legacy services	19,506	20,047	21,151
<b>Total</b>	<b>3,266,349</b>	<b>3,127,097</b>	<b>2,968,846</b>

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

#### Energy

In June, we won Best Customer Service and Best Value for Money at the uSwitch 2024 Energy awards, demonstrating our ability to sustainably offer some of the lowest-priced energy tariffs in the market to our multi-service customers, supported by award-winning customer service. After starting the year at £1,690, the Ofgem Price Cap fell to £1,568 in July before rising to £1,717 in October. We expect to see energy prices remain at around this level during the remainder of H2.

Against this backdrop, with the energy market seeing a return to more stable pricing levels, and with suppliers continuing to compete rationally, we continued to grow strongly, increasing the number of energy services we supply to 1,729,863 during H1.

We have now successfully launched our new EV proposition, which offers market-leading overnight charging rates for our multiservice service customers and we continue to maintain our position at the forefront of the smart meter rollout programme. We are now at over 74% penetration against a market average of 63% and we remain fully committed to delivering further progress on this vital element of the UK's transition to net zero.

Ofgem has published its retail energy vision, including an aspiration to raise the standards of customer experience across the industry. It is currently consulting on numerous topics relating to Price Cap allowances for operating costs and bad debt, whilst the change of government has led to a renewed focus on management of customer debt and on the standing charge element of energy bills. In addition, Ofgem has retained the ban on acquisition tariffs until at least March 2026.

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#### *Broadband*

Our broadband service numbers increased to 384,890, with 60% of new customers enjoying the benefits of Full Fibre broadband without being faced with mid-contract price rises. At our recent sales conference in September we extended our Full Fibre offering by launching a 900mbps service, and combined with the introduction of VoIP (Voice over Internet Protocol) in the coming months we expect to see a further increase in Full Fibre penetration. We have strengthened our relationship with CityFibre by launching a 6 month free 'Try before you Buy' offer, whilst the industry-wide introduction of One Touch Switching provides a welcome boost to the personal support our Partners can provide to potential customers who are looking to switch their broadband service to UW.

#### *Mobile*

Our mobile base has experienced strong growth, surpassing 500k services in the period. Through our long-term MVNO (Mobile Virtual Network Operator) relationship with EE we can offer our customers the most complete geographic network coverage in the UK, and one of the most competitive unlimited multi-SIM offerings in the market. During H1, we enhanced our Unlimited SIM offering, with customers able to add up to three additional SIMs for only £8 per month. These additional SIMs also count as an extra service, unlocking further discounts on customers' energy bills which, coupled with 5G speeds on the EE network, continue to demonstrate our commitment to providing our customers with high-quality services whilst saving them both time and money.

#### *Insurance*

Insurance policy numbers decreased marginally, due to our decision to temporarily pause sales of our Bill Protector, Income Protector and Boiler & Home Cover products to new customers whilst we reviewed them with the FCA. Following positive engagement with the FCA we have now received clearance to restart selling all of our insurance products and we are working towards re-integrating them into our sales journey. In addition, we have completed the remediation associated with our Bill Protector product, in line with the non-material provision taken in the FY24 accounts. We are now focussed on rebuilding momentum in our insurance business, and delivering on the significant growth opportunity in this exciting marketplace.

#### *Cashback card*

Our cashback card remains a unique and powerful tool to help reduce our customers' bills, and is a core part of our proposition that differentiates us from all of our competitors. It has continued to deliver record performance, earning customers £5.7m of savings off their bills in H1. We have been successfully trialling Pay by Bank with staff, which is expected to unlock cost savings as well as driving an improved customer experience, and are currently in the process of rolling it out to customers. We have also recently launched Apple Pay, which has been very well received by customers and we expect this will lead to further cashback card take-up and usage.

#### **A unique word-of-mouth route to market that is hard to replicate**

The key to acquiring new multiservice customers is our unique and hard-to-replicate word-of-mouth acquisition model. Our network of Partners is motivated by the opportunity to earn additional income in the context of continuing cost of living pressures, the satisfaction of helping people to get a better deal on their essential services and the need to save for retirement. Our Partner opportunity benefits from a long term structural trend towards individuals across the UK having multiple incomes from various sources, as within the UK this is the case for over 20 million people.

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

We continued to see strong interest in our Partner opportunity, as confidence in the strength of our customer proposition continues to build, enhanced by new initiatives such as mobile second SIM, new market-leading EV-tariff, and fastest ever "900" full-fibre broadband product. This underpins the sustainability of our growth, with our Partners being a unique route-to-market for signing up high quality customers in significant volumes.

#### **Investing in Customer Service**

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

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

We continue to invest in our customer experience across all of our contact channels. Our most recent addition is our Whatsapp channel, introduced last year, which is now our fastest growing channel and receives excellent feedback from our customers. With increasing digital capabilities, our customers are now managing more of their services through the UW app, which also now supports both Apple pay and Android pay as part of our cashback card.

Our use of AI tools has expanded to assist our advisors in providing the very best levels of service through the development of agent assist to place accurate and concise knowledge in front of our teams when they are talking to our customers. As a result, we are resolving our customers' queries quicker than before and nearly all at the first point of contact. We are leveraging our more mature AI tools for greater impact, including using the data gathered from our call transcripts to become more precise in understanding our customers' most frequent requests and to identify cross-sell opportunities with increased accuracy.

Supporting vulnerable customers continues to be a focus across UW and following a successful partnership between the UW Hardship Fund and the Citizens Advice Bureau we have extended the programme for another year and increased investment.

As a result of our ongoing focus on providing market-leading savings and service, we were awarded "Best Customer Service" and "Best Value for Money" by Uswitch in their 2024 Energy Awards, received a 5 star rating for customer service from Uswitch in their 2024 Broadband Rankings, achieved 2nd place in the Citizen's Advice Bureau league table of energy suppliers, and maintained an "Excellent" rating on Trustpilot. We also placed in the top 25 of all companies in the UK in the Customer Satisfaction Index, with no other energy company ranking in the top 50.

#### **Our People**

This year, in our collective efforts to drive sustainable growth, we're focussing on embedding a culture of performance and efficiency. We started off the new financial year by establishing goal setting and performance conversations as core practices, especially for People Leaders. To support this work, we've provided resources to equip leaders with the skills to set meaningful goals and conduct impactful performance discussions, alongside ongoing training for all

the drive to set meaningful goals and connect important performance measurements, alongside ongoing training for all team members across the business.

Efficiency has been another key focus, particularly in Operations, where we're implementing scalable structures to maximise efficiency and enhance the customer experience. This includes eliminating duplication and improving team, department, and role design across all areas of our Operations function. In the People team, we've launched a new case management system, 'Ask the People Team'. Replacing the previous method of employees contacting one email account, this new platform includes live chat and digital self-service resources to help people get the information they need as quickly as possible.

In addition to performance and efficiency, unlocking team potential is essential for meeting our objectives. We've introduced a talent review process to celebrate standout performers and identify future leaders, forming a foundation for succession and development plans.

Our progress in the first half of this year reflects a strong commitment to our "we put people first" culture, which supports both individual and collective achievements. We look forward to building on this progress in the months ahead.

#### **Our ESG Progress**

We are delighted to have made progress on our commitment to refresh our green product offering. Our new EV tariffs and enhanced Smart Export Guarantee ("SEG") tariff will help us to better serve our customers as the UK energy retail market continues to evolve alongside the UK's transition towards net zero.

As cost of living challenges continue to impact people across the UK we continue to support vulnerable customers nationwide through the deployment of the UW-funded Hardship Fund.

We are proud to continue to progress our Diversity, Inclusion and Belonging agenda. Following their launch last year our Belonging Groups go from strength to strength. With the recent launch of our Neurodiversity Belonging Group, we now have seven groups embedded across the business providing peer-to-peer support and helping to inform our People policy and agenda.

Finally, we are pleased to announce that going forward Carla Stent, Chair of the Audit & Risk Committee, will take on the role of ESG Board Champion. This new role will help us to further enhance our ESG governance and support the business as we embed sustainability within our broader business priorities.

#### **Dividend & Capital Allocation**

The Company continues to be highly cash-generative whilst delivering strong, sustainable growth. The Board adopts a disciplined approach to the allocation of capital, with the overriding objective being to enhance long-term shareholder value, whilst maintaining an appropriate level of gearing; this means retaining sufficient resources within the business to ensure that our organic growth will not be constrained by lack of capital. We intend to continue following a progressive distribution policy, returning 80%-90% of adjusted net income to shareholders over the medium term.

Having undertaken a £10m share buyback in H2 of FY24, the Board has decided to revert to its previous capital allocation policy of prioritising dividend growth. The Board expects that a higher dividend yield will prove relatively more attractive to investors as we move towards a lower interest rate environment. The Board is proposing to increase the interim dividend to 37p (2023: 36.0p), with the full year dividend payout expected to increase by at least 13% to 94p as a result of our updated policy and our restated financial guidance.

#### **Board changes**

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

#### **Outlook**

We are the only fully-integrated supplier in the UK spanning four essential household markets (energy, broadband, mobile and insurance) and our one-stop-shop proposition delivers long-term savings funded by the inherent efficiency of our bundled multiservice proposition. This sustainable cost advantage sets us apart from our competitors, each of whom are focussed on individual market segments; and with only c.3% market share in energy and c.1% (or less) in our other markets, our organic growth opportunity has barely been tapped.

We have now delivered double-digit percentage customer growth for six consecutive reporting periods (3 years), during which time we have seen energy prices rise, fall and now stabilise. This clearly demonstrates our ability to sustainably outcompete, in a wide range of different market conditions, as a result of our unique multi-service proposition and differentiated route to market, and giving us confidence in our ability to continue delivering double-digit customer growth in the future.

Our key medium-term planning assumptions are:

- annual percentage customer growth remaining within the 10-15% range,
- adjusted pre-tax profits increasing broadly in line with customer growth,
- excess capital being returned to shareholders primarily through dividends, in line with our updated capital allocation policy.

For FY25 we reiterate our guidance of 12%-14% organic customer growth with Adjusted PBT expected to be within a range of £124m to £128m.

Having continued our strong double-digit momentum in customer growth in the first half, we are firmly on track to achieve our next milestone of two million customers over the medium term, and we look forward to making significant further progress towards this in the second half of the year.

Given on behalf of the Board

**STUART BURNETT**

Chief Executive

**NICK SCHOENFELD**

Chief Financial Officer

25 November 2024

**Principal Risks and Uncertainties**

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

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

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

#### *Business model*

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

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

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

The Group mainly acquires new customers via word-of-mouth referrals from a large network of independent Partners, who are paid predominantly on a commission basis. This means that the Group has limited fixed costs associated with acquiring new customers.

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

#### *Reputational risk*

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

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

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

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

#### *Information technology risk*

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

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

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

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

#### *Data privacy, information security, cyber security and fraud risk*

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

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

The Information Commissioner's Office ("ICO") upholds information rights in the public interest and, where required, companies within the Group are registered as data controllers with the ICO. If any of the companies within the Group fail to comply with privacy or data protection legislation or regulations, then such Group company could be subject to ICO enforcement action (which could include significant fines).

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

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

#### *Legislative and regulatory risk*

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

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

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

The regulatory framework for the UK's energy retail market, as overseen by Ofgem, is subject to continuous development. Any regulatory change could potentially lead to a significant impact on the sector, and the net profit margins available to energy suppliers. The extent of regulatory change continues to be more substantial since the period generally referred to in the UK as the 'energy crisis', which has been associated with, amongst other things, increased wholesale costs volatility linked to the war in Ukraine and the subsequent business failures of financially unsustainable energy suppliers. In addition to the industry-wide programmes of work, such as the continuing rollout of smart meters, and an increasingly prescribed approach to social obligations, Ofgem has completed its 'Financial Resilience' reforms, significantly increasing its oversight of suppliers' financial health and operational sustainability. The primary impact of this regulatory change environment is more frequent and detailed reporting to Ofgem, typically in the form of mandatory Requests for Information.

The Group is also a supplier of telecommunications services and therefore has a direct regulatory relationship with Ofcom. If the Group fails to comply with its obligations, it could be subject to fines or lose its ability to operate. Significant regulatory changes to the fixed line and broadband switching processes have taken effect in September 2024. The Group is closely engaged in the relevant forums and industry groups to both influence and prepare for the changes.

The Group is authorised and regulated as an insurance broker for the purposes of providing insurance services to customers by the Financial Conduct Authority ("FCA"). In addition, the Group holds consumer credit permissions related to the provision of Partner loans and hire purchase agreements, and offers a prepaid card to customers, known as the 'Cashback card', enabling them to benefit from discounts on purchases from various retailers. Further, in 2023 UWI became authorised for insurance underwriting in Gibraltar by the Gibraltar Financial Services Commission ("GFSC"). If the Group fails to comply with FCA/GFSC regulations, it could be exposed to fines, customer redress and risk losing its authorised status, severely restricting its ability to offer insurance services to customers and consumer credit services to Partners.

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

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

Political and consumer concern over energy prices, broadband availability and affordability, vulnerable customers and fuel poverty may lead to further reviews of the energy and telecommunications markets which could result in further consumer protection legislation being introduced. Political and regulatory developments affecting the energy and telecommunications markets within which the Group operates may have a material adverse effect on the Group's business, results of operations and overall financial condition. The Group is also aware of and managing the impact of a developing regulatory landscape in relation to climate change and the net zero transition.

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

#### *Financing risk*

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

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

#### *Bad debt risk*



#### *Bad debt risk*

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

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

#### *Wholesale price risk*

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

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

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

#### *Competitive risk*

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

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

#### *Infrastructure risk*

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

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

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

#### *Smart meter rollout risk*

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

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

#### *Energy industry estimation risk*

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

#### *Gas leakage within the national gas distribution network*

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

#### *Underwriting risk*

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

#### *Acquisition risk*

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

#### *Climate change risk*

Climate change has the potential to significantly impact the future of our planet. Everyone has a role to play in reducing the effects of harmful greenhouse gas emissions in our atmosphere and ensuring that we meet a 1.5°C target in line with the Paris Agreement. No business is immune from the risks associated with climate change as it acts as a driver of other risks and impacts government decision-making, consumer demand and supply chains. Development of climate-related policy, regulatory changes, and shifts in consumer sentiment could impact on the Group's ability to achieve its financial goals and result in increased compliance costs or reputational damage.

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

The Group is committed to achieving net zero greenhouse gas emissions. In FY23 we evaluated our emissions and target against recognised standards. We modelled our emissions trajectory and used credible assumptions on external factors that, as a reseller, will strongly influence the Group's decarbonisation ability including our key suppliers' decarbonisation plans and the UK government's published projections about the decarbonisation trajectory of the UK energy grid.

Based on this analysis we committed to our target to be Net Zero on or before 2050, across scopes 1, 2 and 3 to allow us to implement a credible science-based plan by aligning with the UK government and our key suppliers. We will set an interim target to reduce emissions by 63% across Scopes 1, 2, and 3 by 2035, from an FY22 emissions baseline, in line with a 1.5c world. The Group will have its targets validated by the SBTi, the leading body on emissions target setting, and will track and disclose progress against them.

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

#### **Directors' Responsibilities**

The Directors are responsible for the preparation of the condensed set of financial statements and interim management report comprising this set of Half-Yearly Results for the six months ended 30 September 2024, each of whom accordingly confirms that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting" and provides a true and fair view of the assets, liabilities, financial position and profit of the Group as a whole;
- the interim management report includes a fair review of the information required by the Financial Statements Disclosure Guidance and Transparency Rules (DTR) 4.2.7R (indication of important events during the first six months and their impact on the financial statements and description of principal risks and uncertainties for the remaining six months of the year); and
- the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosures of related party transactions and changes therein).

The Directors of Telecom Plus PLC are:

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

## **Independent Review Report to Telecom Plus PLC**

### **Conclusion**

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2024 which comprises the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of financial position, the condensed consolidated interim statement of cash flows, the condensed consolidated interim statement of changes in shareholders' equity and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2024 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

### Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity ("ISRE (UK) 2410") issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern, and the above conclusions are not a guarantee that the group will continue in operation.

### Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

The annual financial statements of the group are prepared in accordance with UK-adopted international accounting standards.

The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

In preparing the condensed set of financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

### Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

### The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

**Mark Wigglesworth**  
for and on behalf of KPMG LLP  
Chartered Accountants  
15 Canada Square  
London E14 5GL  
United Kingdom

25 November 2024

### Condensed Consolidated Interim Statement of Comprehensive Income

Note	6 months ended 30 September 2024 (unaudited) £'000	6 months ended 30 September 2023 (unaudited) £'000	Year ended 31 March 2024 (audited) £'000
Revenue	697,750	883,631	2,039,131
Cost of sales	(529,935)	(718,583)	(1,683,921)
<b>Gross profit</b>	<b>167,815</b>	<b>165,048</b>	<b>355,210</b>
Distribution expenses	(24,424)	(25,358)	(51,294)
Administrative expenses - other	(77,804)	(76,379)	(151,943)
Share incentive scheme charges	(1,526)	(2,272)	(5,480)

Share incentive scheme charges		(1,530)	(2,513)	(3,100)
Amortisation of energy supply contract intangible	6	(5,614)	(5,614)	(11,228)
<b>Total administrative expenses</b>		<b>(84,954)</b>	<b>(84,366)</b>	<b>(168,331)</b>
Impairment loss on trade receivables		(15,138)	(18,759)	(30,712)
Other income		780	645	1,377
<b>Operating profit</b>		<b>44,079</b>	<b>37,210</b>	<b>106,250</b>
Financial income		1,477	1,592	3,482
Financial expenses		(6,570)	(3,087)	(9,255)
<b>Net financial expense</b>		<b>(5,093)</b>	<b>(1,495)</b>	<b>(5,773)</b>
<b>Profit before taxation</b>		<b>38,986</b>	<b>35,715</b>	<b>100,477</b>
Taxation		(11,358)	(12,348)	(29,440)
<b>Profit for the period</b>		<b>27,628</b>	<b>23,367</b>	<b>71,037</b>
Basic earnings per share	9	35.1p	29.5p	89.9p
Diluted earnings per share	9	34.8p	29.1p	88.8p
Interim dividend per share		37.0p	36.0p	-

### Condensed Consolidated Interim Balance Sheet

	Note	As at 30 September 2024 (unaudited) £'000	As at 30 September 2023* (unaudited) £'000	As at 31 March 2024 (audited) £'000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		25,213	24,534	26,773
Investment property	5	7,969	8,158	8,049
Intangible assets	6	132,491	139,341	135,785
Goodwill		3,742	3,742	3,742
Other non-current assets		63,363	53,324	55,892
<b>Total non-current assets</b>		<b>232,778</b>	<b>229,099</b>	<b>230,241</b>
<b>Current assets</b>				
Inventories		3,019	4,759	3,749
Trade and other receivables		103,505	72,238	104,066
Current tax receivable		3,907	4,987	101
Accrued income		92,740	113,935	222,036
Prepayments		79,507	132,581	9,958
Costs to obtain contracts		23,542	22,392	23,411
Cash		70,824	37,220	57,829
<b>Total current assets</b>		<b>377,044</b>	<b>388,112</b>	<b>421,150</b>
<b>Total assets</b>		<b>609,822</b>	<b>617,211</b>	<b>651,391</b>
<b>Current liabilities</b>				
Trade and other payables		(48,015)	(61,696)	(56,016)
Accrued expenses and deferred income		(147,843)	(212,802)	(181,308)
<b>Total current liabilities</b>		<b>(195,858)</b>	<b>(274,498)</b>	<b>(237,324)</b>
<b>Non-current liabilities</b>				
Long term borrowings	7	(181,891)	(119,491)	(176,509)
Lease liabilities		(3,562)	(584)	(3,821)
Deferred tax		(556)	(2,025)	(1,106)
<b>Total non-current liabilities</b>		<b>(186,009)</b>	<b>(122,100)</b>	<b>(181,436)</b>
<b>Total assets less total liabilities</b>		<b>227,955</b>	<b>220,613</b>	<b>232,631</b>
<b>Equity</b>				
Share capital		4,031	4,006	4,007
Share premium		158,767	151,253	151,553
Capital redemption reserve		107	107	107
Treasury shares		(15,688)	(5,502)	(15,688)
JSOP reserve		(1,150)	(1,150)	(1,150)
Retained earnings		81,888	71,899	93,802
<b>Total equity</b>		<b>227,955</b>	<b>220,613</b>	<b>232,631</b>

\* The presentation of the 30 September 2023 balance sheet has been restated to reclassify £118.5m from accrued expenses to prepayments because a prepayment was previously netted off against accruals in the 30 September 2023 balance sheet. This reflects the position with the Group's energy supplier, which was in an accrual position at 31 March 2024 but a prepaid position at 30 September 2023 and 2024. This movement is due to the fact that energy use is seasonal.

but supplier payments are scheduled so as to spread payment evenly through the year. There is no impact on profit, net assets, or net cashflow from operating activities.

## Condensed Consolidated Interim Cash Flow Statement

	Note	6 months ended 30 September 2024 (unaudited) £'000	6 months ended 30 September 2023* (unaudited) £'000	Year ended 31 March 2024 (audited) £'000
<b>Operating activities</b>				
Profit before taxation		38,986	35,715	100,477
Adjustments for:				
Net financial expense		5,093	1,495	5,773
Depreciation of property, plant and equipment		1,989	1,743	3,561
Profit on disposal of fixed assets		-	-	(129)
Amortisation of intangible assets and impairment	6	9,309	9,118	18,280
Share incentive scheme charges		1,536	2,373	5,160
Amortisation of debt arrangement fees		382	119	389
Corporation tax paid		(15,625)	(13,124)	(26,248)
Decrease/(increase) in inventories		730	939	1,949
Decrease/(increase) in trade and other receivables		52,584	17,280	(4,239)
(Decrease)/increase in trade and other payables		(41,393)	(198,221)	(237,460)
<b>Net cash flow from operating activities</b>		<b>53,591</b>	<b>(142,563)</b>	<b>(132,487)</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment		(189)	(348)	(882)
Purchase of intangible assets	6	(6,015)	(5,968)	(11,614)
Disposal of property, plant and equipment		-	-	129
Cash held in subsidiaries at disposal		-	-	681
Interest received		1,485	1,676	3,535
<b>Cash flow from investing activities</b>		<b>(4,719)</b>	<b>(4,640)</b>	<b>(8,151)</b>
<b>Financing activities</b>				
Dividends paid	8	(37,145)	(36,445)	(64,982)
Interest paid		(6,595)	(3,106)	(7,195)
Interest paid on lease liabilities		(48)	(9)	(26)
Drawdown of long-term borrowing facilities		30,000	30,000	183,550
Repayment of long-term borrowing facilities		(25,000)	-	(95,000)
Fees associated with borrowing facilities		-	(350)	(2,151)
Repayment of lease liabilities		(399)	(75)	(252)
Issue of new ordinary shares	9	3,310	604	905
Purchase of own shares		-	-	(10,186)
<b>Cash flow from financing activities</b>		<b>(35,877)</b>	<b>(9,381)</b>	<b>4,663</b>
Increase/(decrease) in cash and cash equivalents		12,995	(156,584)	(135,975)
Net cash and cash equivalents at the beginning of the year		57,829	193,804	193,804
<b>Net cash and cash equivalents at the year end</b>		<b>70,824</b>	<b>37,220</b>	<b>57,829</b>

\* The presentation of the 30 September 2023 cashflow has been restated to reclassify £118.5m from the movement in Trade and other payables to the movement in Trade and other receivables because a prepayment was previously netted off against accruals in the 30 September 2023 balance sheet. This reflects the position with the Group's energy supplier, which was in an accrual position at 31 March 2024 but a prepaid position at 30 September 2023 and 2024. This movement is due to the fact that energy use is seasonal, but supplier payments are scheduled so as to spread payment evenly through the year. There is no impact on profit, net assets, or net cashflow from operating activities.

## Condensed Consolidated Interim Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Treasury shares £'000	JSOP reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2023	4,003	150,652	107	(5,502)	(1,150)	82,598	230,708
Profit and total comprehensive income for the period	-	-	-	-	-	23,367	23,367
Dividends	-	-	-	-	-	(36,445)	(36,445)
Credit arising on share options	-	-	-	-	-	2,373	2,373
Deferred tax on share options	-	-	-	-	-	(5)	(5)
Retained earnings tax adjustments	-	-	-	-	-	11	11
Issue of new ordinary shares	3	601	-	-	-	-	604
Balance at 30 September 2023	4,006	151,253	107	(5,502)	(1,150)	71,899	220,613
Balance at 1 October 2023	4,006	151,253	107	(5,502)	(1,150)	71,899	220,613

Profit and total comprehensive income for the period	-	-	-	-	-	47,670	47,670
Dividends	-	-	-	-	-	(28,537)	(28,537)
Credit arising on share options	-	-	-	-	-	2,787	2,787
Deferred tax on share options	-	-	-	-	-	(17)	(17)
Issue of new ordinary shares	1	300	-	-	-	-	301
Purchase of treasury shares	-	-	-	(10,186)	-	-	(10,186)
Balance at 31 March 2024	4,007	151,553	107	(15,688)	(1,150)	93,802	232,631
Balance at 1 April 2024	4,007	151,553	107	(15,688)	(1,150)	93,802	232,631
Profit and total comprehensive income for the period	-	-	-	-	-	27,628	27,628
Dividends	-	-	-	-	-	(37,145)	(37,145)
Debit arising on share options	-	-	-	-	-	(2,392)	(2,392)
Deferred tax on share options	-	-	-	-	-	(5)	(5)
Issue of new ordinary shares	24	7,214	-	-	-	-	7,238
Balance at 30 September 2024	4,031	158,767	107	(15,688)	(1,150)	81,888	227,955

## Notes to the Condensed Interim Financial Statements

### 1. Basis of preparation

The condensed consolidated interim financial statements presented in this half-year report ("the Half-Year Results") have been prepared in accordance with IAS 34 as adopted for use in the UK. The principal accounting policies adopted in the preparation of the condensed consolidated financial statements are unchanged from those used in the annual report for the year ended 31 March 2024, and are consistent with those that the Company expects to apply in its financial statements for the year ended 31 March 2025.

The condensed consolidated financial statements for the year ended 31 March 2024 presented in this half-year report do not constitute the Company's statutory accounts for that period. The condensed consolidated financial statements for that period have been derived from the Annual Report and Accounts of Telecom Plus PLC. The Annual Report and Accounts of Telecom Plus PLC for the year ended 31 March 2024 were audited and have been filed with the Registrar of Companies.

The Independent Auditor's Report on the Annual Report and Accounts of Telecom Plus PLC for the year ended 31 March 2024 was unqualified and did not draw attention to any matters by way of emphasis and did not contain statements under s498(2) or (3) of the Companies Act 2006. The financial information for the periods ended 30 September 2024 and 30 September 2023 is unaudited but has been subject to a review by the Company's auditor.

Seasonality of business: amounts reported in the half year period may not be indicative of the amounts that will be reported for the full year due to seasonal fluctuations in customer demand for gas and electricity. In respect of the energy supplied by the Group, approximately two thirds is consumed by customers in the second half of the financial year.

The Half-Year Results were approved for issue by the Board of Directors on 25 November 2024.

### 2. Going concern

Recent developments in the Group's business activities, together with the factors likely to affect its future development, performance and financial position are set out above.

As at 30 September 2024 the Group had revolving credit facilities of £175.0 million with Barclays Bank PLC, Lloyds Bank PLC and Bank of Ireland Group PLC for the period to 17 November 2027. As at 30 September 2024, £108.6 million of this facility was drawn down and the Company had a cash balance of £70.8 million. In addition, the Company has £75.0 million of private placement debt provided by Pricoa and MetLife which matures in November 2030. The Group remains in compliance with the relevant covenants of these facilities, details of which are set out in Note 15 of the 2024 Annual Report.

Under the Group's energy supply arrangements, the Group benefits from its relationship with E.ON who fund the principal seasonal working capital requirements relating to the supply of energy to the Group's customers, and therefore the Group is not directly exposed to short-term fluctuations in the energy wholesale markets.

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

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

On this basis the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of the approval of the interim financial statements. The interim financial statements have therefore been prepared on a going concern basis.

### 3. Judgements and estimates

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis

of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods if applicable.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2024.

#### 4. Alternative performance measures

In order to provide a clearer presentation of the underlying performance of the group, adjusted EBITDA, adjusted profit before tax and adjusted basic EPS exclude share incentive scheme charges and the amortisation of the intangible asset arising from entering into the energy supply arrangements with E.ON (formerly npower) in December 2013; this decision reflects both the relative size and non-cash nature of these charges.

	6 months ended 30 September 2024 (unaudited)	6 months ended 30 September 2023 (unaudited)	Year ended 31 March 2024 (audited)
	£'000	£'000	£'000
<b>Statutory profit before tax</b>	38,986	35,715	100,477
Adjusted for:			
Amortisation of energy supply contract intangible assets	5,614	5,614	11,228
Share incentive scheme charges	1,536	2,373	5,160
<b>Adjusted profit before tax</b>	<u>46,136</u>	<u>43,702</u>	<u>116,865</u>
<b>Adjusted EBITDA</b>			
	Rolling 12 months ending 30 September 2024 (unaudited)	Rolling 12 months ending 30 September 2023 (unaudited)	Year ended 31 March 2024 (audited)
	£'000	£'000	£'000
<b>Operating profit</b>	113,119	95,974	106,250
Adjusted for:			
Depreciation, amortisation and impairment	22,278	22,055	21,841
<b>EBITDA</b>	<u>135,397</u>	<u>118,029</u>	<u>128,091</u>
Share incentive scheme charges	4,323	4,481	5,160
<b>Adjusted EBITDA</b>	<u>139,720</u>	<u>122,510</u>	<u>133,251</u>
<b>Net debt/Adjusted EBITDA ratio</b>			
	30 September 2024 (unaudited)	30 September 2023 (unaudited)	Year ended 31 March 2024 (audited)
	£'000	£'000	£'000
Long-term borrowings	(181,891)	(119,491)	(176,509)
Lease liabilities	(3,562)	(584)	(3,821)
Less:			
Cash on balance sheet	70,824	37,220	57,829
<b>Net debt</b>	<u>(114,629)</u>	<u>(82,855)</u>	<u>(122,501)</u>
<b>Adjusted EBITDA</b>	<u>139,720</u>	<u>122,510</u>	<u>133,251</u>
<b>Net debt/adjusted EBITDA</b>	<u>0.8x</u>	<u>0.7x</u>	<u>0.9x</u>

#### 5. Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation.

Rental income from investment properties is accounted for on an accruals basis. The operation of the Company were transferred into new head offices at Merit House in 2015 and the former head office building, Southon House, was vacated. Southon House is held as an investment property and separately disclosed on the balance sheet of the Company with a book value of £8.0m.

An independent valuation of Southon House was conducted on 7 May 2024 in accordance with RICS Valuation - Global Standards effective from 31 January 2022 (the Red Book). The independent market value of Southon House was determined to be £10.6 million and has been categorised as a Level 3 fair value based on the inputs to the valuation technique used. The valuation was prepared on a Market Value basis as defined in the Valuation Standards and was primarily derived from using comparable market transactions carried out on an arm's length basis. These inputs are deemed unobservable. The Directors believe that there have not been any material changes in circumstances that would lead to a significant reduction in the market valuation of Southon House from £10.6m.

#### 6. Intangible assets

	Energy Supply Contract £'000	IT Software & Web Development £'000	Total £'000
<b>Cost</b>			
At 31 March 2024	224,563	54,575	279,138
Additions	-	6,015	6,015
<b>At 30 September 2024</b>	<b>224,563</b>	<b>60,590</b>	<b>285,153</b>
<b>Amortisation</b>			
At 31 March 2024	(116,023)	(27,330)	(143,353)
Charge for the period	(5,614)	(3,695)	(9,309)
<b>At 30 September 2024</b>	<b>(121,637)</b>	<b>(31,025)</b>	<b>(152,662)</b>
<b>Net book amounts</b>			
<b>At 30 September 2024 (unaudited)</b>	<b>102,926</b>	<b>29,565</b>	<b>132,491</b>
At 31 March 2024 (audited)	108,540	27,245	135,785
At 30 September 2023 (unaudited)	114,154	25,187	139,341

The Energy Supply Contract intangible asset relates to the entering into of the energy supply arrangements with E.ON (formerly npower) on improved commercial terms through the acquisition of Electricity Plus Supply Limited and Gas Plus Supply Limited from Npower Limited having effect from 1 December 2013. The intangible asset is being amortised evenly over the 20-year life of the energy supply agreement.

The IT Software & Web Development intangible asset relates to the capitalisation of certain costs associated with the development of new IT systems.

## 7. Interest bearing loans and borrowings

	6 months ended 30 September 2024 (unaudited)	6 months ended 30 September 2023 (unaudited)	Year ended 31 March 2024 (audited)
	£'000	£'000	£'000
Bank loans and private placement loans	183,550	120,000	178,550
Unamortised loan arrangement fees	(1,659)	(509)	(2,041)
	<u>181,891</u>	<u>119,491</u>	<u>176,509</u>
Due within one year	-	-	-
Due after one year	<u>183,550</u>	<u>120,000</u>	<u>178,550</u>
	<u>183,550</u>	<u>120,000</u>	<u>178,550</u>

## 8. Dividends

	6 months ended 30 September 2024 (unaudited)	6 months ended 30 September 2024 (unaudited)	Year ended 31 March 2024 (audited)
	£'000	£'000	£'000
Final dividend for the year ended 31 March 2024 of 47p per share	37,145	-	-
Final dividend for the year ended 31 March 2023 of 46p per share	-	36,445	36,445
Interim dividend for the year ended 31 March 2024 of 36p per share (2023: 34p)	-	-	<u>28,537</u>

An interim dividend of 37.0p per share will be paid on 20 December 2024 to shareholders on the register at close of business on 6 December 2024. The estimated amount of this dividend to be paid is approximately £29.2m and, in accordance with IFRS accounting requirements, has not been recognised in these accounts.

## 9. Earnings per share



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

	6 months ended 30 September 2024 (unaudited) £'000	6 months ended 30 September 2023 (unaudited) £'000	Year ended 31 March 2024 (audited) £'000
Earnings for the purpose of basic and diluted EPS	27,628	23,367	71,037
Share incentive scheme charges (net of tax)	1,150	1,797	3,901
Amortisation of energy supply contract intangible assets	5,614	5,614	11,228
Earnings for the purpose of adjusted basic and diluted EPS	34,392	30,778	86,166
	<b>Number ('000s)</b>	<b>Number ('000s)</b>	<b>Number ('000s)</b>
Weighted average number of ordinary shares for the purpose of basic EPS	78,806	79,229	79,058
Effect of dilutive potential ordinary shares (share incentive awards)	697	1,045	963
Weighted average number of ordinary shares for the purpose of diluted EPS	79,503	80,274	80,021
Adjusted basic EPS <sup>[1]</sup>	43.6p	38.8p	109.0p
Basic EPS	35.1p	29.5p	89.9p
Adjusted diluted EPS <sup>1</sup>	43.3p	38.3p	107.7p
Diluted EPS	34.8p	29.1p	88.8p

[1] In order to provide a clearer understanding of the underlying trading performance of the Group, adjusted basic EPS excludes:

(i) share incentive scheme charges; and (ii) the amortisation of intangible assets arising on entering into the energy supply arrangements with E.ON (formerly npower) in December 2013. The amortisation of intangible assets and share incentive scheme charges have been excluded on the basis that they represent non-cash accounting charges. These balances are derived directly from amounts shown separately on the face of the condensed consolidated interim statement of comprehensive income and adjusted for tax where appropriate.

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