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Yu Group PLC
18 March 2025

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Yü Group PLC

("Yü Group" or the "Group")

Final results for the year ended 31 December 2024

DELIVERING GROWTH AND SUSTAINABLE VALUE

Yü Group PLC (AIM; YU.), the independent supplier of gas and electricity, and meter asset owner and installer of smart meters, to the UK corporate sector announces its final audited results for the year to 31 December 2024.

The Group reports another year of increased revenue, Adjusted EBITDA, earnings per share, cash generation and forward contracted customer book. The Board reiterates its commitment to continued organic growth delivering sustainable profitability growth as it takes advantage of the significant market opportunity available.

Financial & Operational Highlights

31 December	**2024**	2023	Change
£'m unless stated			
Financial:			
Revenue	**645.5**	460.0	+40%
Adjusted EBITDA[1]	**48.8**	43.9	+11%
Profit before tax	**44.5**	39.7	+12%
Earnings per share:			
Adjusted, fully diluted	**210p**	189p	+21p
Statutory, basic	**200p**	185p	+15p
Dividend per share (Interim & Final)	**60p**	40p	+20p
Operating cash inflow	**72.1**	16.1	+56.0
Net cash[2]	**80.2**	32.1	+48.1
Overdue customer receivables (days)[3]	**3**	4	-1 day
Operational:			
Meter points supplied (#'k)	**88.0**	53.4	+65%
Equivalent volume of energy supplied	**2.21 TWh**	1.24 TWh	+78%
Market share[4]	**2.7%**	1.4%	+1.3%
Average monthly bookings	**42.6**	55.5	-23%
Contracted revenue:			

For next FY	**566.0**	520.0	+9%
In aggregate	**1,034.0**	826.0	+25%
TrustPilot score (#)	**4.2**	4.1	+0.1
Smart meter:			
Installations in year (#'k)	**22.9**	8.5	+14.4
Index-linked annualised recurring revenue from asset ownership ("ILARR")	**1.3**	0.2	+1.1

Financial performance

- Revenue of £645.5m, up 40% in year (FY23: £460.0m) from strong organic growth in delivered volume of energy, up 78% to 2.21 TWh. Market share increased to 2.7%.
- Adjusted EBITDA increased to £48.8m (FY23: £43.9m), with robust and "more normalised" margins on customer contracts, strong customer collection rates and operational leverage in overheads.
- Profit before tax increased to £44.5m (FY23: £39.7m).
- Net cash of £80.2m, up £48.1m in year (FY23: £32.1m) following successful implementation of a new hedging agreement with Shell Energy Europe Limited ("Shell") removing the requirement to post cash collateral, and after £30.5m of strategic cash investments and capital distributions[5].
- Investment in smart meters continues to provide benefits and is building a material long-term index-linked annuity income. ILARR as at 31 December 2024 of £1.3m (FY23: £0.2m).
- Earnings per share, adjusted and fully diluted, increased to 210p (FY23: 189p).
- Final recommended dividend of 41p per share, leading to total distribution from FY24 of 60p, up 50% (FY23: 40p) in line with our progressive dividend policy.

Operational delivery

- The Group continues to increase its market share, through its strong customer offer and digital capability, with supplied meter points increasing to 88,000 (FY23: 53,400). A substantial market opportunity remains, with a current 2.7% of the £50bn addressable market served.
- Five-year commodity trading agreement with Shell continues to work well and provides significant benefits via hedging execution and efficiency of market access, whilst freeing cash to invest in the growth of the business.
- Yü Smart technical training and development centre became operational, enabling the scaling of the Group's engineering capability to provide national coverage and increased productivity.
- Yü Energy again recognised in The Sunday Times best 100 places to work, graduating to the "Big Organisation" category in FY24.

Current trading and outlook

- Strong start to 2025, with new record monthly revenue, cash collection and cash balance metrics achieved in January.
- Strong contracted revenue on which to build growth for FY25:
    - £566m (FY23: £520m) contracted revenue for FY25 at the end of 2024.
    - Energy prices expected to act as a headwind to sales growth in FY25, with a c.9% year-on-year price reduction already embedded in the contract book. Based on current tariffs, this is expected to be fully worked through the book by FY26.
- Management targets continued growth in FY25, including:
    - Over 120,000 supplied meter points and over 60,000 smart meter assets owned.
    - Sustainable profitability delivered via closely controlled margins on new business; focused customer collections; scale benefits in overheads from digital investments; and increasing benefits from smart meter installation and ownership.
    - Revenue expected to be in the range of £730m to £760m at this stage.
    - Adjusted EBITDA, EPS and closing net cash for FY25 expected to be in line with current market expectations.
- Progressive dividend policy remains, with forecasted earnings growth and strong cash generation, and trending towards the target for 3x dividend cover on EPS (FY24: 3.3x cover) in the short to medium term.

Bobby Kalar, Chief Executive Officer, stated:

"The team and I continue to focus on delivering our strategy, which has delivered another new set of record results, with further strong growth in revenue, profit and cash terms. I'm particularly pleased that this is our 6th year of profit growth, and we have taken revenue from £81m in 2018 to £646m in 2024. This growth is set to continue, although at a slower pace in percentage terms due to the larger base.

Our disciplined approach to growth and the focus on our core target market remains, and our smart metering business is starting to bear considerable fruits.

Whilst softened commodity markets provide a lower revenue per customer, our 78% growth in delivered energy volume demonstrates the opportunity being taken. We continue to grow market share, nearly doubling year-on-year to 2.7%, and we *have a huge addressable market available and are set-up to scale.*

Our smart metering business continues to perform well. I'm really pleased and proud that from standstill in 2023 we now have a fully functioning engineering capability across the Country, with our own training centre and a highly skilled and driven management team. I'm very much looking forward to guiding this business as it develops further.

We are again increasing our dividend payment, which has increased by 50% in year, reflecting our progressive dividend policy and confidence in the future with over £1 billion of forward revenue already contracted.

On behalf of my hard-working colleagues and my fellow shareholders, I remain disappointed by the disconnect between our business performance and our market rating. Notwithstanding this, we remain focused on the continued growth of our business.

I am privileged to lead such a fantastic team and would like to thank them for helping to deliver such fantastic results! My team is stronger than ever, and I remain committed to ensuring we provide the environment for them to develop their careers alongside the Group's continued development."

Analyst presentation and publication of annual report

A presentation for analysts will be held at 9am GMT today, Tuesday 18 March 2025. Anyone wishing to attend should please contact yugroup@teneo.com for further information.

An electronic version of the full annual report will be published on the Group's website, www.yugroupplc.com, later today (18 March 2025).

[1] Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation, and gains or losses on derivative contracts. See reconciliation in note 7 to the financial statements below.

[2] Net cash refers to cash and cash equivalents less the debt in the Group, excluding any lease liabilities.

[3] Overdue customer receivables is expressed in days of sales, and relates to the total balance, net of provisions, of accrued income which is outside of the normal billing cycle, plus overdue trade receivables (net of VAT and CCL).

[4] Analysis based on Cornwall Insight market share report, October 2024.

[5] £9.0m early payment of renewable obligation liability; £8.1m in smart meter and property capital investment; and £13.4m in capital distributions.

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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 *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 c.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, including through the ownership of smart meter assets to generate a recurring index-linked annuity income over a 15+year period.

Chairman's Statement

CONSISTENT DELIVERY SUPPORTING SUSTAINABLE VALUE

A seasoned and committed team sharing the determination to scale organic growth within a framework of robust corporate governance and effective risk management.

Dear Shareholders,

The ongoing benefits of the "roll out" of our short, medium and long-term strategies allow me to report to you continuing success in the meeting of our targeted financial and operational results.

Your Board continues to scale the business via having increased UK market share to 2.7% (2023: 1.4%) and the delivery of a 78.2% growth in volume of energy supplied.

A 40.3% year-on-year growth in revenues evidences our teams' ability to maintain momentum and consistency in the delivery of results.

Dividends per share for FY24 increased by 50.0% to 60p (40p in 2023).

Profit before tax increased 12.1% to £44.5m (2023: £39.7m).

Earnings per share on an adjusted and fully diluted basis increased to 210p (2023: 189p) and to 200p (2023: 185p) on a statutory reported basis.

Over £1.0bn of secured forward orders have been booked (2023: £826m). We remain focused upon the opportunity to increase our market share in a £50bn addressable market.

This year the net cash position has seen further improvement from £32.1m to £80.2m.

Planning for controlled growth

The Yü Smart business has delivered an increase in meter numbers and 27,200 smart meters are now owned (2023: 4,100). This ongoing initiative unlocks multiple benefits for our customers and provides a certain annuity contribution to profitability. In part, this arises from the increase in both the efficiency and scale of our internally managed commodity hedging programme supported by our strategically aligned partnership with Shell.

Our teams, capably directed by Bobby Kalar as Chief Executive Officer, remain focused on our agile "industry disruptor" ethos and approach.

A seasoned management team, accustomed to delivering well above-average sectorial "out-performance", continues to be strengthened by its ability to attract talent enthusiastic about the opportunity to make a highly engaged "difference" within our entrepreneurial and faster-paced challenger company environment.

Delivering for shareholders and stakeholders

It is encouraging that your Company has again been recognised by The Sunday Times "Best Places to Work" list, and is now in their "Big Organisation" category. Our shareholders now include a greater number of institutional investors. We continue to maintain stakeholder engagement processes, carefully designed to benefit existing, future, and long-term shareholders.

Summary

Your Board will continue to deliver judiciously controlled growth whilst it continues to scale the Group. My colleagues and I remain committed to the delivery of long- term value to our shareholders.

Robin Paynter Bryant
Chairman

Chief Executive Officer's Statement

DELIVERING GROWTH AND SUSTAINABLE VALUE

A new record performance for the Group as we continue to take market share.

I am pleased to note the evolution of the Group, with continued and sustainable profitable growth as we increase our market share. The benefits from our strategic investments are becoming clearer to see, with revenue, earnings per share and cash all growing - alongside growth in key operational metrics.

Yü Energy

Our retail supply of gas and electricity has grown 78.2% in terms of delivered volume of energy supplied, and by 64.8% in terms of meter points supplied.

Contracts are over a longer period (at 25 months on new bookings) as energy prices have softened and customers look to "lock-in" our fixed price, fixed term core offering. We are also working with high calibre partners and third parties to support our growth aspirations - though we remain selective on the opportunities we pursue to ensure they meet our value and risk criteria.

Whilst total volume of energy sold increased 78.2% in the year, lower commodity prices have dampened top-line growth, which will continue through FY25. Despite this headwind we have still grown our revenue by 40.3% in the year. We now see prices booked aligned with our forward book and therefore most of the price drag on our revenue growth has washed through.

I am pleased with how the Group is positioned. Our approach to customer acquisition, onboarding, customer service, billing and debtor management is all focused on our target sector.

Our commodity trading agreement with Shell, signed February 2024, continues to work well and provides a cost and capital efficient access to commodity markets to allow us to hedge our risk. This has seen obvious cash benefits in FY24, though just as pleasing is the ability to partner with a major company which has aligned objectives to continue to grow our business, materially and sustainably, over the coming weeks, months and years.

Our digital by default strategy remains a key facilitator in our success: from securing and serving customers to enabling efficiency in our commercial decision making and leveraging our overheads as we scale.

Whilst we see some additional competitive challenge in our area, as markets have normalised, I believe we have a good head start and the right attitude to stay ahead of the legacy suppliers which continue to hold the majority share of the B2B market. We see this as an opportunity as we look to scale our 2.7% market share.

Yü Smart and meter ownership

The scaling of our Yü Smart business, since we established it in 2023, is a particularly proud and significant milestone for me! It has added depth to our offering as well as a host of operational and financial benefits to the Group.

Establishing a new management team to drive performance, an engineering workforce covering all of Great Britain, a training and development centre to ensure control, and a clear value proposition for the customer and for our business are all significant "wins" for the Group and is now a fundamental part of our strategy.

We achieved 22,900 meter installations in the year (FY23: 8,500) and now own 27,200 assets. The 15+ year annuity income from meter assets has grown to £1.3m at 31 December 2024 (FY23: £0.2m), providing the basis of a more material contribution to Group profitability as we continue to scale.

basis of a more material contribution to Group profitability as we continue to scale.

We will look to further develop this smart metering business in 2025 and beyond.

Institutional engagement and approach to capital markets

The investment case remains the same. We provide simple and easily available energy to businesses across Great Britain, which provides a significant and scalable market opportunity; we have a proven strategy of delivery; and a focus on smart metering, digital innovation and commodity hedging to provide the foundations to drive sustainable profitability.

That said, we will "stick to our knitting" and ensure we focus on delivering our strategy, which is clearly demonstrated in our financial and operational results.

As founder and majority shareholder, I am committed to the success of the Group over the medium and long-term. In short, we will do whatever is appropriate to ensure long term shareholders and stakeholders in the business are considered and that our strategic goals are met.

Current trading and outlook

We have commenced 2025 continuing the strong momentum from 2024.

The forward contract book continues to provide a strong base for growth for FY25 and beyond underpinned by lengthening contract durations. We have a small but growing market share in a substantial market providing opportunity for continued organic growth as we navigate through lower commodity markets that will temper the FY25 growth rate. We expect to deliver revenue in the range of £730m to £760m at this stage.

Management targets in excess of 120,000 supplied meter points and over 60,000 smart meter assets owned by the end of FY25.

Despite lower revenue growth reflecting softer commodity prices, the Group is confident in achieving key market expectations related to adjusted EBITDA, earnings per share and net cash growth.

The Board's stated progressive dividend policy remains in place. Potential earnings growth and strong cash generation, with the target to reduce dividend cover to 3x on EPS (FY24: 3.3x cover), provides a potential opportunity to increase the FY24 payment of 60p per share in FY25.

Bobby Kalar
Chief Executive Officer

Finance Review

STRONG AND SUSTAINABLE EARNINGS ALONGSIDE SIGNIFICANT GROWTH

Providing sustainable, profitable growth, with strong momentum into 2025.

In overview

- Revenue increased 40.3% to £645.5m (2023: £460.0m)
- Adjusted EBITDA increased 11.2% to £48.8m (2023: £43.9m)
- Profit before tax increased 12.1% to £44.5m (2023: £39.7m)
- Net cash inflow of £52.7m
- Closing net cash of £80.2m, representing 478p per share
- Adjusted, fully diluted EPS of 210p, up 11.1% (2023: 189p)
- Delivering on progressive dividend policy, with return increased 50.0%
- Final dividend of 41p per share recommended, following 19p interim payment
- Forward contracted revenue of £1.0bn (2023: £0.8bn)
- Investment in smart meters providing ILARR of £1.3m (2023: £0.2m)

Financial metrics

£'m unless stated (* % of revenue)	**2024**	2023	Change
Revenue	**645.5**	460.0	+40.3%

Revenue	**645.5**	460.0	+40.3%
Gross margin* %	**14.5%**	18.1%	-3.6%
Net customer contribution[1]* %	**12.4%**	14.9%	-2.5%
General overheads* %	**(4.9%)**	(5.4%)	+0.5%
Adjusted EBITDA* %	**7.6%**	9.5%	-1.9%
Adjusted EBITDA	**48.8**	43.9	+4.9
Profit before tax	**44.5**	39.7	+4.8
Net cash flow	**52.7**	13.5	+39.2
Net cash	**80.2**	32.1	+48.1
Earnings per share (adjusted, fully diluted)	**210p**	189p	+21p
Dividend per share (interim and final)	**60p**	40p	+20p

Other metrics

£'m unless stated	**2024**	2023	Change
One year forward contracted revenue	**566**	520	+8.8%
Aggregate contracted revenue	**1,034**	826	+25.2%
Non-contracted annualised revenue	**39**	29	+34.5%
Equiv. volume of energy supplied	**2.21 TWh**	1.24 TWh	+78.2%
Smart meter assets, ILARR	**1.3**	0.2	+1.1
Overdue customer receivables	**3 days**	4 days	-1 day

Results summary

The Group has continued delivering the strategy: to increase revenue organically, delivering sustainable profitability through control of gross margin, bad debt and overheads, and with strong cash generation enabling strategic investment. Our growth in EPS and confidence in relation to the Group's cash position allow for further progress in shareholder dividend returns, with payments related to 2024 of 60p (including a 41p recommended final dividend) per share up 50.0% on the 40p paid for 2023.

Delivering 78% organic growth in volume of energy supplied

Revenue of £645.5m (2023: £460m) is an increase of £185.5m, with revenue achieving a compound annual growth rate ("CAGR") of 58.8% since 2020.

Volume of energy supplied to customers ("EQVS") increased by 78.2%, to 2.2 TWh due to increased market share. However, because of softer global commodity markets, revenue per megawatt hour ("MWh") of EQVS has decreased 21.3% from £371 in 2023 to £292 in 2024. EQVS for 2024 was also diluted due to mild temperatures reducing customer demand.

The subscription model characteristics of the Group's forward contract book provide significant visibility of future revenues, and a base to supplement through new bookings or renewals. In aggregate, the Group has over £1bn of revenue secured in its forward customer book, of which £566m delivers in 2025. There is a further c.£30m of annualised value from non-contracted customers.

This forward contracted revenue secured is, on aggregate, 25.2% up on the prior year, and 8.8% up for delivery in the next calendar year, representing a longer contract term being secured. We have seen H2 24 bookings and forward contracted revenue converging at a price c.9% below that delivered in 2024, demonstrating that the historical high prices have now largely washed through. In short, based on current market conditions, the headline organic growth rate should suffer a lower drag from commodity prices in 2025 (vs. 2024), and minimal price impact is expected from 2026.

Sustainable profitability as we scale

Adjusted EBITDA, profit before tax and profit after tax increased in year by £4.9m, £4.8m and £2.6m respectively. This has led to growth in earnings per share of 8.1% on a basic, reported basis and 11.1% (to 210p) on an adjusted, diluted basis.

[illegible]p, on an adjusted, diluted basis.

Profitability exceeded management expectations, with adjusted EBITDA of £48.8m (FY23: £43.9m), representing 7.6% margin (2023: 9.5%); and 6.9% profit before tax margin (2023: 8.6%).

Gross margin decreased, as expected, to 14.5% (2023: 18.1%) as 2023 benefited from a higher impact from non-contracted customers. FY24 also reflected some higher industry and commodity costs, though such costs were partially mitigated by previous accrued industry costs not materialising. Gross margin on the over £1bn of contracted revenue continues to be underpinned by the Group's closely managed commodity hedging strategy, which locks in contract margin on signing of new contracts.

The focus on bad debt management is also delivering results, reducing the charge to income from 3.1% of revenue in 2023 to 2.1% in 2024, whilst management has retained a cautious approach to bad debt provisioning in view of the wider economic context.

General overheads decreased to 4.9% of revenue (2023: 5.4%) from the leverage benefit of the Group's digital strategy with cost to serve, systems and certain fixed costs not increasing with revenue growth.

As further disclosed in note 7 of the financial statements, adjusted EBITDA provides management with a profitability measure based on business trading performance. It excludes £1.4m of non-recurring exit costs from the Group's previous commodity hedging contract. This contract was replaced in February 2024 with an agreement with Shell, which provides significant benefits on hedging and cash liquidity to the Group.

Adjusted EBITDA reconciliation

£'m	2024	2023
Adjusted EBITDA	**48.8**	43.9[2]
% of revenue	**7.6%**	9.5%
Adjusted items:		
Loss on derivative contracts	**-**	(3.0)
Non-recurring exit costs from previous hedging contract	**(1.4)**	-
Share-based payment charges	**(4.0)**	(1.3)
Depreciation and amortisation	**(2.5)**	(1.5)
Statutory operating profit	**40.9**	38.1
Net finance income	**3.6**	1.6
Profit before tax	**44.5**	39.7

Adjusted EBITDA also excludes £4.0m (2023: £1.3m) of share-based payment charges as they are variable based on the Group's share price performance and are not related to business operational trading.

There has been no derivative gain or loss in relation to derivative contracts in the period, with a £3.0m charge in 2023.

As a result of the Group's increased cash balance, net finance income increased to £3.6m in the year (2023: £1.6m). Profit before tax increased £4.8m to £44.5m (2023: £39.7m).

Increasing net cash, whilst investing for future returns

Net cash, being cash held less borrowings (excluding leases), increased from £32.1m to £80.2m. This significant cash generation, supported via the new commodity arrangement with Shell, allows for strategic investments to unlock additional value, whilst increasing shareholder distribution.

Movement in Net Cash

Cash flow £'m	**2024**	2023
Adjusted EBITDA	**48.8**	43.9
Commodity trading cash collateral	**49.8**	(49.8)
Early payment of industry ROC liability	**(9.0)**	-
Customer acquisition costs	**(12.3)**	(8.5)
Corporation tax payments	[illegible]	[illegible]

Corporation tax payments	**(11.3)**	(0.6)
Other working capital movement	**6.1**	31.1
Operating cash flow	**72.1**	16.1
Investment in smart meter assets	**(4.6)**	(0.8)
Investment in freehold property	**(1.8)**	-
Other investing activities	**(3.3)**	(0.7)
Share buy-back	**(4.0)**	-
Dividends paid	**(9.4)**	(1.0)
Other financing activities (impact on net cash only)	**(0.9)**	(0.5)
Net cash movement in year	**48.1**	13.1
Closing net cash balance	**80.2**	32.1
Opening net cash balance	**32.1**	19.0

The £49.8m benefit from hedging related cash collateral, previously paid in 2023, enabled the Group to early settle £9.0m of renewable obligation industry liabilities, to secure a discount, which would otherwise be due in August 2025. Additionally, the Group has invested £12.3m (2023: £8.5m) in customer acquisition payments to support accelerated growth, and paid £11.3m (2023: £0.6m) in corporation tax payments, with tax losses now largely utilised.

In total, operating cash flow of £72.1m (2023: £16.1m) provides a continued strong base despite significant investments in operating costs to drive growth and/or margin improvement.

Net current assets increased £13.9m to £46.3m (2023: £32.4m) reflecting the strength of the Group's cash position and balance sheet.

The Group is also scaling its investment in smart meter activities, with £4.6m capital investment (2023: £0.8m). In addition to the clear customer benefits of smart meters, they also provide the Group with increased hedging and customer outcome benefits, as well as an index-linked annuity income stream. The Group exited 2024 with ILARR of £1.3m, providing a growing impact to forward EBITDA and cash generation for 2025 and beyond. Additional investment in 2025 is expected to significantly increase this income stream.

As further disclosed in notes 12 and 25 of the financial statements, the Group acquired for £1.8m (on an arm's length basis) the freehold Group head office in Nottingham, and further invested in digital and other cap-ex costs of £1.6m (2023: £0.7m) and smart meters ready for installation of £1.7m (FY23: £nil).

Other financing activities include repayments of certain lease obligations in respect of vehicles and, pre-acquisition, the Nottingham office rental, together with interest on borrowings wholly secured on the investment in smart meters.

Increased shareholder distributions and progressive dividend policy

The Group's cash performance enabled a share buy-back of £4.0m, and dividend payments of £9.4m (2023: £1.0m).

An interim dividend of 19p (2023: 3p) per share is to be supplemented by a final recommended dividend of 41p (2023: 37p) per share. The Group has previously announced a progressive dividend policy, increasing returns with expected EPS growth, and reducing dividend cover to 3x over the short to medium term.

To provide flexibility in future distributions, the Group cancelled its share premium account in the year. This cancellation resulted in a £12.3m increase in distributable reserves. The holding company's retained earnings increased in the year by £15.1m, to £37.4m, and cash and cash equivalents at the holding company closed at £42.8m (2023: nil).

The final recommended dividend of 41p per share is payable on 19 June 2025. The shares will go ex-dividend on 29 May 2025, and the record date is 30 May 2025.

Summary: continued financial progression

In summary, the Board is very pleased to present continued financial progression and is delivering growth, sustainable profitability and cash generation.

We have nearly doubled our market share over the past year and increased energy volumes by 78.2. Revenue growth remains strong, at 40.3%, despite the softer commodity price environment, and there is significant opportunity available to the Group to scale further beyond the £1bn revenue already contracted, in aggregate, at the end of 2024.

Our commodity hedging agreement, signed with Shell in February 2024, provides clear efficiency benefits in our hedging activities to continue to manage commodity volatility, and is sized to support significant growth. It has also generated significant cash benefits, enabling investments in value enhancing areas.

The development of smart meters provides material benefits in risk management and optimisation in our supply business, alongside customer benefits. Smart meter ownership also provides a beneficial investment case, resulting in a growing and valuable 15+ year annuity income stream, already at £1.3m at the end of 2024.

Our net cash position has increased by £48.1m during the year and closing net cash represents 478p per share of value. This net cash increase includes the benefit of adjusted EBITDA (£48.8m) and the return of cash collateral (£49.8m), though is net of investments in smart meter assets and meters ready for installation (£6.3m), freehold property acquisition (£1.8m), and early settlement of industry costs (£9.0m).

Dividends and shareholder distributions have increased significantly in the year, to £13.4m (2023: £1.0m), enabled by this strong cash generation. The Board is confident that the stated progressive dividend policy and strong positioning of the Group provide substantial onward potential for dividend and distribution growth in 2025 and beyond.

Paul Rawson
Chief Financial Officer

1. Net customer contribution represents gross margin less bad debt
2. For 2023, adjusted EBITDA has been amended to reflect the exclusion of share-based payment charges (£42.6m as previously reported).

Consolidated statement of profit and loss and other comprehensive income

For the year ended 31 December 2024

	Notes	**31 December 2024 £'000**	31 December 2023 £'000
Revenue		**645,456**	460,001
Cost of sales		**(551,571)**	(376,959)
Gross profit		**93,885**	83,042
Operating costs before non-recurring items and share-based payment charges		**(34,088)**	(26,347)
Operating costs - non-recurring items		**(1,359)**	-
Operating costs - share-based payment charges	23	**(3,987)**	(1,258)
Total operating costs		**(39,434)**	(27,605)
Net impairment losses on financial and contract assets	17	**(13,527)**	(14,309)
Loss on derivatives	7	**-**	(3,046)
Operating profit	4	**40,924**	38,082
Finance income	5	**4,194**	1,722
Finance costs	5	**(641)**	(105)
Profit before tax		**44,477**	39,699
Taxation	9	**(10,978)**	(8,839)
Profit and total comprehensive income for the year		**33,499**	30,860
Earnings per share			
Basic	8	**200p**	185p
Diluted	8	**187p**	169p

Consolidated balance sheet

At 31 December 2024

		31 December 2024 £'000	31 December 2023 £'000
ASSETS			
Non-current assets			
Intangible assets	11	**2,993**	2,561
Property, plant and equipment	12	**12,318**	4,613
Right-of-use assets	13	**1,844**	1,676
Deferred tax assets	15	**2,842**	1,969
Trade and other receivables	17	**11,786**	5,231
Investment in subsidiaries	14	**-**	-
		31,783	16,050
Current assets			
Inventory	16	**369**	546
Trade and other receivables	17	**97,115**	127,222
Cash and cash equivalents	18	**85,204**	32,477
		182,688	160,245
Total assets		**214,471**	176,295
LIABILITIES			
Current liabilities			
Trade and other payables	19	**(133,664)**	(123,845)
Corporation tax payable	9	**(2,546)**	(4,016)
Borrowings	20	**(222)**	(3)
		(136,432)	(127,864)
Non-current liabilities			
Trade and other payables	19	**(2,970)**	(1,281)
Borrowings	20	**(4,745)**	(352)
		(7,715)	(1,633)
Total liabilities		**(144,147)**	(129,497)
Net assets		**70,324**	46,798
EQUITY			
Share capital	22	**85**	84
Share premium	22	**-**	11,909
Merger reserve	22	**-**	(50)
Retained earnings	22	**70,239**	34,855
		70,324	46,798

Consolidated statement of changes in equity

For the year ended 31 December 2024

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2024	84	11,909	(50)	34,855	46,798
Total comprehensive income for the year					
Profit for the year and other comprehensive income	-	-	-	33,499	33,499
	-	**-**	**-**	**33,499**	**33,499**
Transactions with owners of the Company					
Contributions and distributions					
Equity-settled share-based payments	-	-	-	958	958
Deferred tax on share-based payments	-	-	-	2,037	2,037
Proceeds from share issues	1	375	-	-	376
Buy-back of shares	-	-	-	(3,995)	(3,995)
Share premium cancellation	-	(12,284)	-	12,284	-
Transfer from reserve	-	-	50	-	50
Equity dividends paid in the year	-	-	-	(9,399)	(9,399)
Total transactions with owners of the Company	1	(11,909)	50	1,885	(9,973)
Balance at 31 December 2024	**85**	**-**	**-**	**70,239**	**70,324**
Balance at 1 January 2023	83	11,785	(50)	2,981	14,799
Total comprehensive income for the year					
Profit for the year and other comprehensive income	-	-	-	30,860	30,860
	-	-	-	30,860	30,860
Transactions with owners of the Company					
Contributions and distributions					
Equity-settled share based payments	-	-	-	1,150	1,150
Deferred tax on share based payments	-	-	-	866	866
Proceeds from share issues	1	124	-	-	125
Equity dividends paid in the year	-	-	-	(1,002)	(1,002)
Total transactions with owners of the Company	1	124	-	1,014	1,139
Balance at 31 December 2023	84	11,909	(50)	34,855	46,798

Consolidated statement of cash flows

For the year ended 31 December 2024

	31 December 2024	31 December 2023

	£'000	£'000
Cash flows from operating activities		
Profit for the financial year	**33,499**	30,860
Adjustments for:		
Depreciation of property, plant and equipment	**704**	400
Depreciation of right-of-use assets	**994**	408
Amortisation of intangible assets	**848**	680
Profit on disposal	**(39)**	-
Loss on derivative contracts	**-**	3,046
Decrease / (increase) in inventory	**177**	(201)
Increase in trade and other receivables	**(11,174)**	(26,208)
Increase in customer acquisition costs	**(12,335)**	(8,478)
(Increase) / decrease in industry related deposits	**(2,586)**	6,838
Decrease / (increase) in cash collateral for commodity trading arrangements	**49,820**	(49,820)
(Decrease) / increase in trade and other payables	**(4,921)**	39,108
Increase in renewable obligation liability	**13,457**	10,476
National Insurance on share options exercised	**(570)**	(108)
Finance income	**(4,194)**	(1,722)
Interest received	**4,071**	1,278
Finance costs	**641**	105
Taxation charge	**10,978**	8,839
Corporation tax paid	**(11,282)**	(627)
Share based payment charge	**3,987**	1,258
Net cash from operating activities	**72,075**	16,132
Cash flows from investing activities		
Proceeds from disposal of assets	**1**	-
Purchase of property, plant and equipment	**(2,152)**	(576)
Smart meter asset capital expenditure	**(4,571)**	(796)
Smart meter assets under construction	**(1,690)**	-
Payment of software development costs	**(1,280)**	(130)
Net cash used in investing activities	**(9,692)**	(1,502)
Cash flows from financing activities		
Borrowings drawn down	**4,647**	356
Interest paid on borrowings	**(185)**	(4)
Interest paid on lease obligations	**(167)**	(81)
Other interest paid	-	(20)
Repayment of principal element of borrowings	**(89)**	(1)
Repayment of principal element of lease obligations	**(844)**	(496)
Net proceeds from share option exercises	**376**	125
Cash paid on repurchase of shares	**(3,995)**	-
Dividends paid	**(9,399)**	(1,002)
Net cash used in financing activities	**(9,656)**	(1,123)
Net increase in cash and cash equivalents	**52,727**	13,507
Cash and cash equivalents at the start of the year	**32,477**	18,970
Cash and cash equivalents at the end of the year	**85,204**	32,477

Notes to the consolidated financial statements

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. The Company is limited by shares and the Company's ordinary shares are traded on AIM.

These condensed consolidated financial statements ("Financial Statements") as at and for the year ended 31 December 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 small and medium sized entities ("SMEs") and larger corporates in the UK, and the installation, ownership and service of smart meters.

Basis of preparation

Whilst the financial information included in this preliminary announcement has been prepared on the basis of the requirements of UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 and effective at 31 December 2024, this announcement does not itself contain sufficient information to comply with International Accounting Standards.

The financial information set out in this preliminary announcement does not constitute the Company's statutory financial statements for the years ended 31 December 2024 or 2023 but is derived from those financial statements.

Statutory financial statements for 2023 have been delivered to the registrar of companies and those for 2024 will be delivered in due course. The auditors have reported on those financial statements; their reports were (i) unqualified and (ii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The condensed consolidated Financial Statements are presented in British pounds sterling (£), which is the 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 31 December 2024 the Group had net assets of £70.3m (2023: £46.8m), cash of £85.2m (2023: £32.5m) and net current assets of £46.3m (2023: £32.4m).

Management prepares detailed budgets and forecasts of financial performance and cash flow (including capital commitments) over the coming 14 months. 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 demonstrate significant progress in its results. This has led to adjusted EBITDA (note 7) in 2024 of £48.8m (2023: £43.9m), which continues the momentum in the Group's results occurring since 2018. Management is confident in continuing this improvement in profitability based on its business model confident in continuing this improvement in profitability based on its business model.

Profitability metrics remain strong in 2024, and the Group continues to drive sustainable, profitable growth. The Group's hedging strategy, approach to bad debt, and investment in digital technologies all contribute to achieving acceptable levels of profitability over the medium term.

Group cash liquidity is strong. The Group has cash of £85.2m (2023: £32.5m), and net cash (net of borrowings, but before leases) of £80.2m (2023: £32.1m). The five-year commodity trading agreement entered into in February 2024 with Shell Energy Europe Limited ("Shell") provides significant access to commodity markets whilst preserving Group liquidity, and the contract is performing well.

The Board actively seeks to utilise its strong cash reserves to further its strategic operational aims, taking the benefit through a £9.0m early payment of the renewable obligation certificate otherwise due in August 2025 and continued investment in relationships with brokers requiring customer acquisition costs in advance of contract commencement. Significant capital investment continues in smart meter assets to provide a long-term annuity income.

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. These considerations include the following:

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 2024 has continued the improvement from 2023, and benefits continue to be provided through new approaches and strategies to debt management.

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. These include 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.

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 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 (further detailed in the Group's risks and uncertainties reporting in the Strategic Report). 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, and is customary for such arrangements, Shell provides 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. In return, Shell provides market access without the need to post cash collateral in the normal course of operation.

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 these might have on the ability to maintain compliance with covenants.

After a detailed review, the Board has concluded that there are no liquidity or covenant compliance issues likely to arise based on worst-case scenario modelling that would impact the going concern status of the Group.

Summary

Following an 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. 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.

Revenue recognition

The Group enters into contracts to supply gas, electricity and water to its customers, and provides availability of smart meter assets. 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 31 March 2024, replacing EBRS. Both schemes have now closed.

Under the EBRS and EBDS arrangement, amounts receivable from BEIS do not impact the Group's contract with customers; 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.

Costs to obtain or fulfil a contract

Under IFRS 15 "Revenue from Contracts with Customers", the incremental costs of obtaining a contract are recognised as an asset if they are expected to be recovered. These costs include expenditures that would not have been incurred if the contract had not been secured and include broker sales commissions payable for energy contracts with customers.

Costs to fulfil a contract are recognised as an asset where they are directly related to a contract and where they generate or enhance resources of the entity that will be used in satisfying the performance obligations. Costs must be expected to be recoverable. Assets relating to costs to obtain or fulfil a contract are amortised over the period of the contract.

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 specific impairments 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 secured 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 or EBDS, 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. The Group's main commodity trading activities 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, at fair value, on its balance sheet at the year 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 21.

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.

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.

Goodwill has arisen on a business combination.

Property, plant and equipment

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

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 years
- Installed smart meter assets - 15 years
- Assets under construction - Not depreciated
- Computer equipment - 3 years
- Fixtures and fittings - 3 years

Smart meter assets

The Group's meter asset portfolio recorded within property, plant and equipment comprises both installed and uninstalled meter assets.

Newly purchased meter units and other significant ancillary parts which are critical for the meter unit to operate upon installation (such as regulators) are initially recognised within property, plant and equipment at cost.

Upon installation, an installed meter asset comprises three key components including the meter unit, the significant ancillary parts and the cost of installation (comprising labour and consumables).

Newly purchased uninstalled meter units and ancillary parts are not subject to depreciation as they are not yet available for use in the location and condition necessary to be capable of operating in the manner intended by management. Depreciation on newly purchased meter units and ancillary parts commences once the asset has been fully installed.

The estimated useful economic life of installed smart meter assets is defined above.

Upon removal of an installed meter asset, the meter unit condition is reviewed to determine re-installation viability and classified as temporarily idle until re-installed. The meter continues to be depreciated throughout. Meter units that are not deemed fit for re-use are disposed of.

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 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 Black-Scholes 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.

Cash-settled share-based awards are initially measured at fair value at the date of grant. Subsequently the awards are fair valued at each reporting date and a proportionate expense for the duration of the vesting period elapsed is recognised in profit and loss together with a liability on the balance sheet.

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 an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will 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 the temporary difference can be utilised against future available taxable profits.

Deferred tax assets and liabilities are only offset when there is both a legal right to set-off and an intention to settle on a net basis.

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.

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, and with an increasing additional revenue stream from the supply and installation of smart meters. The Group's operational segments are:

- Retail - being the supply of electricity, gas and water to business customers in the UK;
- Smart - being the provision of engineering and related services to install and maintain smart and other meters;
- Metering assets - being the ownership and rental of smart metering assets; and
- Group - representing centrally managed Group functions, and other items which are not directly attributable to the other operating segments.

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 manage the business segment activity (and as reconciled to operating profit in note 7).

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.

Alternative Performance Measures ("APMs")

The Group discloses Alternative Performance Measures ("APMs") that are not defined by IFRS. The directors believe that the presentation of APMs provides stakeholders with additional helpful information on the performance of the business but does not consider them to be a substitute for or superior to IFRS measures.

The Group's APMs are used to assist in measuring the performance of the business. The APMs are determined to offer valuable insights to users of the Group's financial statements by highlighting key value drivers and the effects of certain events and transactions on the entity's performance, financial position and cash flows. Adjusted results exclude certain items, because if included, these could distort the understanding of the Group's performance. The definition, purpose and how the measures are reconciled to statutory measures are set out in note 7 and note 8.

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.

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the annual reporting period beginning 1 January 2026:

- Amendments to the Classification and Measurement of Financial Instruments (amendments to IFRS 9 and IFRS 7); and
- Contracts Referencing Nature-dependent Electricity (amendments to IFRS 9 and IFRS 7)

The following standards and amendments are effective for the annual reporting period beginning 1 January 2027:

- IFRS 18 "Presentation and Disclosure in Financial Statements"
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures".

The Group is currently assessing the effect of these new accounting standards and amendments. IFRS 18 "Presentation and Disclosure in Financial Statements", which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 "Basis of Preparation of Financial Statements" (renamed from "Accounting Policies, Changes in Accounting Estimates and Errors"). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

The Group does not expect to apply IFRS 19.

Significant judgements and estimates

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **the assessment of forward energy commodity contracts as "own use" under IFRS 9;**

  The Group enters into forward purchase contracts to hedge its position to closely match customers' expected demand over the term of the contract and does not engage in speculative trading. Factors such as the shape/granularity of traded products available (which do not perfectly align with customer demand) and variations in energy consumed by customers (as a result of varying customer behaviour and activity, and (particularly for gas) the weather impact) can influence the demand of customers and the extent to which the Group's forward commodity hedged position matches such customer demand.

  The Board considers the extent to which forward contracts are entered into and continue to be held for the purpose of delivery of energy that is matched to customer expected volume. Factors considered in making this judgement include recent trading experience; historical accuracy in demand forecasting; and growth in volumes supplied to customers. Based on an assessment of these factors during the years ended 31 December 2023 and 31 December 2024, the Board considers that the forward commodity trades outstanding at the balance sheet date are intended to be fully utilised for the Group's "own use" to meet expected customer demand in the normal course of business. The judgement in relation to forward contracts being for "own use" results in such contracts not being assessed at fair value and therefore with no unrealised financial derivative asset or liability recognised at the balance sheet date.

- **the estimated consumption (in lieu of accurate meter readings) of energy by customers;**

  Revenue includes some sales invoices raised which, where no actual meter read has been available, are based on industry data and estimates or other source information. Such invoices can therefore represent estimates which are lower or higher than the actual out-turn of energy consumption once accurate meter readings are obtained. The utilisation of smart or automatic meters is significant and growing in the Group, which reduces the amount estimated on invoiced sales. Estimates of meter readings utilised for billing customers are also utilised for settlement of costs, and therefore an over or under-estimated revenue is largely mitigated by an opposite amendment to cost of sales.

  A change in estimated meter consumption volumes of +/-1% would impact revenue and accrued income by £424,000 (2023: £293,000), with an approximate £362,000 (2023: £240,000) corresponding adjustment to cost of sales and accruals. The impact on gross profit for each +/-1% of estimated consumption is therefore £62,000 (2023: £53,000).

- **the accrual for certain energy and industry related costs;**

  Certain gas and electricity costs are based on industry or management estimates based on knowledge of the market, historical norms and estimates of the expected out-turn position which may be over or underestimated. There are a number of specific cost areas that are material to the Group and include elements of significant estimation and judgement to determine the carrying amounts.

  Industry settlement and impact on energy and industry costs

  The energy industry involves settlement of industry costs to balance each participant's position so that its purchased energy matches its used energy. For the Group, as with other energy suppliers, this settlement of industry to balance its position ("Settlement") occurs on the difference between energy supplied to customers and energy purchased to settle such liability. These costs can be reconciled over periods of several months and years, though typically such costs have larger estimates over periods of up to three months with Settlement adjustments reducing beyond that time period.

  In addition to the cost of gas and electricity adjusted as part of the Settlement process, other non-commodity related costs can also be subject to adjustments based on the same or similar processes. Such costs include those under the renewables obligation scheme, which requires the Group to settle a liability based on its settled energy consumption; costs related to the distribution and transmission of energy to end customers; and certain green levies and other charges utilised in operating the energy network.

  A change of +/-1% in settled volumes for the quarter preceding the year end, being the directors' view of the most material months subject to potential change (and which does not have a corresponding adjustment to revenue), would impact costs and accruals by £825,000 (2023: £797,000).

  Unidentified Gas

  Unidentified Gas ("UIG") is the shortfall between the volume of gas that enters the National Grid and what is consumed by end users, which the industry spreads across market participants. The Group's cost is determined by estimating the extent to which UIG is expected to arise from historical consumption across the industry using market data available, settled UIG costs to date and determining the expected net position for further payment or rebate of cost. Expected UIG allocations have been volatile in 2020 as a result of the pandemic, and also in 2023 as a result of the out-turns of unexpected low gas demand caused by the energy crisis. This led to industry under allocating gas to energy suppliers, requiring an estimation of accruals in the prior year for industry settlement to 'catch up'. As energy prices have returned to more stable and expected levels during 2024, the directors' judgement is that there is no material over or under allocation of UIG at the balance sheet date.

  A change of +/-1% in estimated UIG rates that are expected to be attributable to the Group for the month of December

2024 would impact costs and accruals by £63,000 (2023: £85,000).

- **the recoverability of trade receivables and accrued income and related expected credit loss provision;**

  The Group has continued to grow its revenue and customer base which in turn increases the levels of billed and unbilled debt as part of the customer collections cycle. The customer base of the Group changes over time and the expected impact of macroeconomic factors on our client base around increased costs, interest rates, inflation and pressures on businesses creates increased uncertainty over the recoverability of debt. New customers increase estimation uncertainty as the Group does not have specific historical backwards-looking data for these customers, and therefore may have a more delayed payment history, or that the Group provides extended payment terms to customers to secure new business.

Trade receivables and accrued income recoverability is estimated based on historical performance and the directors' estimate of losses over the Group's customer receivable balances. Management also conducts a detailed review of significant debtor balances at the year end, including exposure after recoverability of VAT and Climate Change Levy ("CCL"), and provisions and other accounting adjustments. These estimation assumptions and factors above are considered to have a significant risk of resulting in a material adjustment to the carrying amount of trade receivable and accrued income net of expected credit losses. Sensitivity analysis on expected credit loss estimates is provided in note 21.

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 smart 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.

2024	Retail £'000	Smart £'000	Metering assets £'000	Intra-segment trading £'000	Group £'000	Total £'000
Revenue	645,255	12,733	664	(13,196)	-	645,456
Cost of sales	(559,796)	(8,819)	-	17,044	-	(551,571)
Gross profit	85,459	3,914	664	3,848	-	93,885
Operating costs, before non-recurring items, share-based payments and depreciation and amortisation	(29,047)	(2,746)	(60)	913	(602)	(31,542)
Non-recurring items	(1,359)	-	-	-	-	(1,359)
Share-based payments	(3,987)	-	-	-	-	(3,987)
Depreciation and amortisation	(1,507)	(887)	(277)	267	(142)	(2,546)
Net impairment losses on financial and contract assets	(13,511)	(7)	(9)	-	-	(13,527)
Operating profit / (loss)	**36,048**	**274**	**318**	**5,028**	**(744)**	**40,924**
Adjusted EBITDA	**42,899**	**1,162**	**595**	**4,762**	**(602)**	**48,816**
Non-current assets	36,346	5,474	6,758	(34,201)	17,406	31,783
Non-current asset additions	3,409	5,369	4,850	(3,673)	1,784	11,739
Goodwill	-	216	-	-	-	216
Trade and other receivables	134,317	3,664	758	(42,480)	12,642	108,901

2023	Retail £'000	Smart £'000	Metering assets £'000	Intra-segment trading £'000	Group £'000	Total £'000
Revenue	459,797	5,555	76	(5,427)	-	460,001
Cost of sales	(377,797)	(3,053)	-	3,891	-	(376,959)
Gross profit / (loss)	82,000	2,502	76	(1,536)	-	83,042
Operating costs, before share-based payments and depreciation and amortisation	(22,317)	(2,027)	(68)	-	(447)	(24,859)
Share-based payments	(1,258)	-	-	-	-	(1,258)
Depreciation and amortisation	(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)
Operating profit / (loss)	**40,042**	**146**	**(13)**	**(1,536)**	**(557)**	**38,082**
Adjusted EBITDA	**45,374**	**475**	**8**	**(1,536)**	**(447)**	**43,874**
Non-current assets	9,814	804	1,018	(327)	4,741	16,050
Non-current asset additions	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 both financial years, 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. Auditor's remuneration

	2024	2023
	£'000	£'000

Audit of these financial statements	**120**	105
Amounts receivable by auditor in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	**65**	60
	185	165

4. Operating profit

	2024 £'000	2023 £'000
Profit for the year has been arrived at after charging:		
Staff costs (see note 6)	**23,335**	15,564
Costs to obtain customer contracts	**24,885**	14,836
Depreciation of property, plant and equipment	**704**	400
Depreciation of right-of-use assets	**994**	408
Amortisation of intangible assets	**848**	680

5. Net finance income/(expense)

	2024 £'000	2023 £'000
Bank interest receivable	**3,380**	783
Other interest received	**814**	939
Total finance income	**4,194**	1,722
Bank interest and other finance charges payable	**(235)**	(20)
Interest on borrowings	**(239)**	(4)
Interest on lease liabilities	**(167)**	(81)
Total finance costs	**(641)**	(105)
Net finance income	**3,553**	1,617

Other interest received consists of amounts due on collateral posted with the Group's previous commodity trading counterparty.

6. Staff numbers and costs

The average number of persons employed by the Group (including directors) during the period, analysed by category, was as follows:

	2024 Number	2023 Number
Engineering	**84**	32
Sales	**41**	27
Administration	**347**	236
	472	295

The aggregate payroll costs of these persons were as follows:

	2024 £'000	2023 £'000
Wages and salaries	**19,412**	13,082
Social security costs	**2,444**	1,487
Pension costs	**374**	240
Share based payments	**3,987**	1,258
	26,217	16,067
Of which:		
Amounts charged to operating profit	**23,335**	15,564
Amounts related to smart metering installation in property, plant and engineering assets	**2,882**	503

Included within accruals is a £590,000 (2023: £nil) employee benefit liability relating to cash-settled share-based payments.

There were three persons employed directly by the Company during the year ended 31 December 2024 (2023: three), being the
non-executive directors. The Company's two (2023: two) executive directors who served during the year have service contracts with a wholly owned subsidiary of the Company.

Key management personnel

The aggregate compensation made to directors and other members of key management personnel (being members of the Group's Executive Committee, comprising the Chief Executive Officer, Chief Financial Officer and other senior leaders) is set out below:

	2024 £'000	2023 £'000
Short-term employee benefits	**2,188**	2,581
Social security and pension costs	**857**	407
Share based payments	**3,903**	1,068
	6,948	4,056

Remuneration of the executive and non-executive directors is as follows:

	2024 £'000	2023 £'000
Short-term employee benefits	**1,363**	1,791
Social security and pension costs	**476**	264
Share based payments	**2,008**	927
	3,847	2,982

The total remuneration received by the highest paid director was £2,840,000 in the year (2023: £1,148,000).

7. Alternative Performance Measures
Adjusted EBITDA

Non-GAAP measure. Adjusted EBITDA represents profit before interest and tax, depreciation, amortisation, non-recurring business expense and equity-related share-based payment charges.

The directors utilise adjusted EBITDA to make Group financial, strategic and operating decisions. The measure separates out certain items from defined IFRS measures because these are determined to assist users of these financial statements to evaluate business performance from recurring and normalised profitability that better align to operational cash flow (before the impact of working capital movements) and to obtain profitability margins as a percentage of revenue. This measure is frequently used by external stakeholders to evaluate financial performance and compare performance of other industry competitors, and will assist users to understand and evaluate, in the same manner as management, the movement in Group's operational performance on a comparable basis.

As adjusted EBITDA can exclude significant costs or gains, it should not be regarded as a complete picture of the Group's financial performance, which is presented in its total results.

The reconciliation of operating profit and adjusted EBITDA is as follows:

	Notes	**2024 £'000**	Restated[2] 2023 £'000
Adjusted EBITDA reconciliation			
Operating profit		**40,924**	38,082
Add back:			
Non-recurring operational costs[1]		**1,359**	-
Share-based payments[2]	23	**3,987**	1,258
Loss on derivative contracts[3]		**-**	3,046
Depreciation of property, plant and equipment	12	**704**	400
Depreciation of right-of-use assets	13	**994**	408
Amortisation of intangibles	11	**848**	680
Adjusted EBITDA		**48,816**	43,874

1. The non-recurring operational costs relate to fees incurred in the 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 February 2024. Given the non-recurring nature of these costs and basis for reporting the APM measure, these costs have not been charged to adjusted EBITDA.
2. Share-based payment charges on share options are excluded from adjusted EBITDA as they are variable based on the Group's share price performance and are not related to business operational trading. Further details of the share-based payments are documented in note 23. As the 2023 prior year comparative previously charged such costs against adjusted EBITDA, the 2023 comparative has been restated (2023 as previously reported: £42.6m).
3. The loss on derivative contracts of £3,046,000 in 2023 arose on the reversal of the financial derivative asset recognised at 31 December 2022. There is no financial derivative asset or liability at 31 December 2023 or 31 December 2024 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.

Adjusted earnings per share
Adjusted earnings per share is defined as earnings per share excluding adjusted items. The measure is determined by dividing profit after tax, adjusted for post-tax adjusted items (relating to non-recurring operational costs, share-based payment charges and loss on derivative contracts) by the weighted average number of ordinary shares in issue during the financial period, excluding treasury shares held, and on a basic and fully diluted basis. This APM is a measure of management's view of the Group's underlying earnings per share.

Refer to note 8 for a reconciliation between earnings per share and adjusted earnings per share.

Net cash / (debt)
Net cash / (debt) is defined as unrestricted cash and cash equivalents available for the Group less external borrowings (but before IFRS 16 lease liabilities). The APM is utilised by the Group to reflect available capital and liquidity reserves for the purposes of future operational activities. A reconciliation of the measure is presented in note 26.

8. 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.

	2024 £'000	2023 £'000
Profit for the year attributable to ordinary shareholders	**33,499**	30,860

	2024	2023
Weighted average number of ordinary shares		
At the start of the year	**16,741,195**	16,649,618
Effect of shares issued in the year	**175,825**	36,607
Effect of purchase of treasury shares	**(146,861)**	-
Number of ordinary shares for basic earnings per share calculation	**16,770,159**	16,686,225
Dilutive effect of outstanding share options	**1,170,383**	1,533,324
Number of ordinary shares for diluted earnings per share calculation	**17,940,542**	18,219,549

	2024 p	2023 p
Basic earnings per share	**200p**	185p
Diluted earnings per share	**187p**	169p

Adjusted earnings per share

See note 7 for details on adjusted earnings per share.

	2024 £'000	Restated[1] 2023 £'000
Adjusted earnings per share		
Profit for the year attributable to ordinary shareholders	**33,499**	30,860
Add back operating profit adjusting items (per note 7):		
Share-based payments after tax (gross cost of £3,987,000)	**3,230**	1,231
Non-recurring operational cost after tax (gross cost of £1,359,000)	**1,019**	-
Loss on derivative contracts after tax	-	2,330
Adjusted basic profit for the year	**37,748**	34,421

	2024 p	2023 p
Adjusted earnings per share	**225p**	206p
Diluted adjusted earnings per share	**210p**	189p

1. Adjusted earnings per share has been reassessed for the 2024 financial year in relation to the effects of share-based payment charges on the various schemes within the Group. As non-cash elements of the business operational result that effect the purpose of the APM metric, these charges have been excluded from adjusted basic profit. For consistency of the metric, the 2023 prior year comparative has been restated to reflect such approach (2023 as previously reported: 199p adjusted, and 182p adjusted and fully diluted).

9. Taxation

	2024 £'000	2023 £'000
Current tax charge		
Current year	**9,885**	4,015
Adjustment in respect of prior years	**(71)**	627
	9,814	4,642
Deferred tax charge		
Current year	**1,071**	5,648
Adjustment in respect of prior years	**93**	(1,451)
	1,164	4,197
Total tax charge	**10,978**	8,839
Tax recognised directly in equity		
Current tax recognised directly in equity	-	-
Deferred tax recognised directly in equity	**(2,037)**	(866)
Total tax recognised directly in equity	**(2,037)**	(866)

Deferred taxes at 31 December 2024 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 corporation tax payable by the Group at 31 December 2024 was £2,546,000 (2023: £4,016,000).

10. Dividends
The Group paid an interim dividend of 19p per share in 2024 (2023: 3p per share).

The directors propose a final dividend in relation to 2024 of 41p per share (2023: 37p per share).

11. Intangible assets

Group	Electricity licence £'000	Goodwill £'000	Customer books £'000	Software and systems £'000	Total £'000
Cost					
At 1 January 2024	62	216	686	3,419	4,383
Additions	-	-	-	1,280	1,280
At 31 December 2024	**62**	**216**	**686**	**4,699**	**5,663**
Amortisation					
At 1 January 2024	18	-	686	1,118	1,822
Charge for the year	2	-	-	846	848
At 31 December 2024	**20**	**-**	**686**	**1,964**	**2,670**
Net book value at 31 December 2024	**42**	**216**	**-**	**2,735**	**2,993**
Cost					
At 1 January 2023	62	216	686	3,289	4,253
Additions	-	-	-	130	130
At 31 December 2023	62	216	686	3,419	4,383
Amortisation					
At 1 January 2023	16	-	686	440	1,142
Charge for the year	2	-	-	678	680
At 31 December 2023	18	-	686	1,118	1,822
Net book value at 31 December 2023	44	216	-	2,301	2,561

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.

12. Property, plant and equipment

Group	Freehold land £'000	Freehold property £'000	Fixtures and fittings £'000	Plant and machinery £'000	Assets under construction £'000	Computer equipment £'000	Total £'000
Cost							
At 1 January 2024	150	3,274	738	869	-	670	5,701
Additions	-	1,784	223	2,937	3,324	145	8,413
Disposals	-	-	-	(1)	-	(3)	(4)
Reclassification	-	-	-	1,634	(1,634)	-	-
At 31 December 2024	**150**	**5,058**	**961**	**5,439**	**1,690**	**812**	**14,110**
Depreciation							
At 1 January 2024	-	291	355	24	-	418	1,088
Charge for the year	-	108	233	202	-	161	704
At 31 December 2024	**-**	**399**	**588**	**226**	**-**	**579**	**1,792**
Net book value at 31 December 2024	**150**	**4,659**	**373**	**5,213**	**1,690**	**233**	**12,318**
Cost							
At 1 January 2023	150	3,274	342	73	-	490	4,329
Additions	-	-	396	796	-	180	1,372
At 31 December 2023	150	3,274	738	869	-	670	5,701
Depreciation							
At 1 January 2023	-	182	205	-	-	301	688
Charge for the year	-	109	150	24	-	117	400
At 31 December 2023	-	291	355	24	-	418	1,088
Net book value at 31 December 2023	150	2,983	383	845	-	252	4,613

The freehold land and building brought forward relates to the Leicester office of the Group and was sold by the Company to Yü Propco Leicester Ltd, a wholly owned subsidiary, at the estimated market value (equivalent to book value) of £3,134,000 at the date of disposal. This transaction does not impact the Group's consolidated balance sheet position.

In the year, the Company entered into an agreement to acquire freehold property relating to the Nottingham office from a related party (as disclosed in note 25). The Company acquired the property on an arm's length basis at the estimated market value determined by an independent party. Subsequent to its purchase, the Company sold the freehold building to Yü Propco Nottingham Ltd, a wholly owned subsidiary, at the estimated market value (equivalent to book value) of £1,709,000 at the date of disposal. The intergroup sale and purchase transaction does not impact the Group's consolidated balance sheet position.

13. Right-of-use assets

Group	Buildings £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 January 2024	1,966	804	2,770
Additions	-	2,046	2,046
Disposals	(1,832)	-	(1,832)
At 31 December 2024	**134**	**2,850**	**2,984**
Depreciation			
At 1 January 2024	835	259	1,094
Charge for the year	140	854	994
Disposals	(948)	-	(948)
At 31 December 2024	**27**	**1,113**	**1,140**
Net book value at 31 December 2024	**107**	**1,737**	**1,844**
Cost			
At 1 January 2023	799	-	799
Additions	198	804	1,002
Lease modifications	969	-	969
At 31 December 2023	1,966	804	2,770
Depreciation			
At 1 January 2023	686	-	686
Charge for the year	149	259	408
At 31 December 2023	835	259	1,094
Net book value at 31 December 2023	1,131	545	1,676

During 2024, as disclosed in note 12, the Group entered into an agreement to purchase its main office facilities in Nottingham from a related party (as disclosed in note 25). For the purposes of the Group consolidated balance sheet position the lease has been disposed of in the year. In 2023, this lease arrangement for the office was extended (on an arm's length basis) with the same related party.

Other assets relate to lease arrangements for motor vehicles to undertake engineering activities.

14. Investments in subsidiaries

The Company has the following direct and indirect investments in subsidiaries, all of which are incorporated in the United Kingdom:

Company name	Holding	Proportion of shares held	Nature of business
Yü Energy Holding Limited	Ordinary shares	100%	Gas shipping services and holding company
Yü Energy Retail Limited[1]	Ordinary shares	100%[1]	Supply of energy to businesses

Yu Water Limited	Ordinary shares	100%	Supply of water to businesses
KAL Portfolio Trading Limited	Ordinary shares	100%	Dormant/holding company
Yü PropCo Leicester Limited[2]	Ordinary shares	100%[2]	Property ownership
Yü PropCo Nottingham Limited[2]	Ordinary shares	100%[2]	Property ownership
Yü-Smart Limited	Ordinary shares	100%	Smart metering installation and maintenance
Yü Services Limited	Ordinary shares	100%	Holding company
Kensington Meter Assets Limited[3]	Ordinary shares	100%[3]	Ownership of energy meter assets

All of the above entities are included in the consolidated financial statements and are direct holdings of the Company except:

1. Yü Energy Retail Limited is a subsidiary of Yü Energy Holding Limited.
2. Yü PropCo Leicester Limited and Yü PropCo Nottingham Limited are subsidiaries of KAL Portfolio Trading Limited.
3. Kensington Meter Assets Limited is a subsidiary of Yü Services Limited.

All entities have the same registered address as Yü Group PLC.

15. Deferred tax assets

Deferred tax assets are attributable to the following:

	2024 £'000	2023 £'000
Property, plant and equipment	**(745)**	(293)
Tax value of loss carry-forwards	**-**	792
Share based payments	**3,587**	1,470
	2,842	1,969

Movement in deferred tax in the period:

	At 1 January 2024 £'000	Recognised in income £'000	Recognised directly in equity £'000	**At 31 December 2024 £'000**
Property, plant and equipment	(293)	(452)	**-**	**(745)**
Tax value of loss carry-forwards	792	(792)	**-**	**-**
Share based payments	1,470	80	2,037	**3,587**
	1,969	(1,164)	2,037	**2,842**

	At 1 January 2023 £'000	Recognised in income £'000	Recognised directly in equity £'000	At 31 December 2023 £'000
Property, plant and equipment	(21)	(272)	-	(293)
Tax value of loss carry-forwards	4,717	(3,925)	-	792
Share based payments	604	-	866	1,470
	5,300	(4,197)	866	1,969

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.

16. Inventory

The Group has the following inventory balances in relation to its engineering activities:

	2024 £'000	2023 £'000
Stock of goods for resale	**369**	546
	369	546

17. Trade and other receivables

	2024 £'000	2023 £'000
Current		
Net trade receivables	**16,065**	11,784
Net accrued income	**57,769**	52,325
Prepayments	**1,260**	2,354
Costs to obtain customer contracts	**9,670**	3,890
Cash collateral deposited for commodity hedging	-	49,822
Industry collateral deposits	**7,029**	4,443
Other receivables	**5,322**	2,604
	97,115	127,222
Non-current		
Costs to obtain customer contracts	**11,786**	5,231
	11,786	5,231

The reconciliation of gross trade receivables and accrued income and expected credit loss provision for the Group is as follows:

	2024	**2024**	2023	2023

	Trade receivables £'000	**Accrued income £'000**	Trade receivables £'000	Accrued income £'000
Gross carrying amount	**50,432**	**60,002**	39,435	54,035
Provision for doubtful debts and expected credit loss	**(34,367)**	**(2,233)**	(27,651)	(1,710)
Net carrying amount	**16,065**	**57,769**	11,784	52,325

The Group applies the simplified IFRS 9 approach in measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables and accrued income. To measure expected credit losses on a collective basis, trade receivables and accrued income are grouped based on similar credit risk and ageing. The expected credit loss of trade receivables and accrued income are allocated between two credit risk groups made up of active customer accounts ("Active"), which represent customers that remain on supply at the balance sheet date, and those customers which have left the supply ("Terminated") of the Group.

Provision rates for customer balances are determined based on the age of the balance outstanding, whether the customer remains being supplied energy by the Group, an assessment of historical debt and recovery on a customer basis and the extent and position of the balance in the Group's credit control process. Credit losses are adjusted to reflect current and forward-looking macroeconomic factors affecting the customers' ability to settle the amounts outstanding based on available information available at the reporting date about past events, current conditions and a forward-looking view of future economic conditions. There have been no significant changes in the estimation techniques or significant assumptions made during the reporting period.

The gross amount of trade receivables and accrued income is stated inclusive of VAT and CCL of approximately 17% which, on the write-off of debt, would typically be recoverable and is therefore not provided for.

Expected credit losses and the recognition, where appropriate, of previous customer credit balances are recognised in the income statement as net impairment losses on financial and contract assets.

The lifetime expected loss provision for trade receivables and accrued income is as follows:

Active	Current £'000	More than 30 days past due £'000	More than 60 days past due £'000	More than 90 days past due £'000	Total £'000
31 December 2024					
Gross trade receivables	4,750	1,792	1,283	5,061	12,886
Gross accrued income	60,002	-	-	-	60,002
Expected credit loss rate	5%	36%	41%	66%	11%
Expected credit loss allowance	(3,258)	(638)	(527)	(3,345)	(7,768)
31 December 2023					
Gross trade receivables	4,738	2,724	1,308	6,693	15,463
Gross accrued income	54,035	-	-	-	54,035
Expected credit loss rate	6%	56%	67%	76%	16%
Expected credit loss allowance	(3,622)	(1,534)	(870)	(5,077)	(11,103)

Terminated	Current £'000	More than 30 days past due £'000	More than 60 days past due £'000	More than 90 days past due £'000	Total £'000
31 December 2024					
Gross trade receivables	2,356	1,637	1,493	32,060	37,546
Gross accrued income	-	-	-	-	-
Expected credit loss rate	43%	68%	66%	80%	77%
Expected credit loss allowance	(1,022)	(1,113)	(985)	(25,712)	(28,832)
31 December 2023					
Gross trade receivables	2,090	1,403	808	19,671	23,972
Gross accrued income	-	-	-	-	-
Expected credit loss rate	30%	50%	69%	83%	76%
Expected credit loss allowance	(635)	(703)	(556)	(16,364)	(18,258)

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

	2024 £'000	2023 £'000
Opening balance	**27,651**	19,499
Provisions recognised less unused amounts reversed	**13,008**	14,824
Provision utilised in the year	**(6,292)**	(6,672)
Closing balance - provision for doubtful debts and expected credit losses	**34,367**	27,651

Movements in the provision for doubtful debts and expected credit loss in accrued income are as follows:

	2024 £'000	2023 £'000
Opening balance	**1,710**	1,830
Provisions recognised less unused amounts reversed	**523**	(120)
Provision utilised in the year	**-**	-
Closing balance - provision for doubtful debts and expected credit losses	**2,233**	1,710

The net impairment losses on financial and contract assets of £13,527,000 (2023: £14,309,000) consist of £13,008,000 (2023: £14,824,000) provision for bad debts and expected credit loss on trade receivables, a £523,000 charge (2023: £120,000 credit) for expected credit loss on accrued income and £4,000 credit (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.

The Group other receivables balance contains £720,000 (2023: £522,000) relating to bank cash deposits and restricted funds. These funds do not fulfil the criteria of being classified as cash and cash equivalents in view of the balance being secured for operational activities of the Group.

18. Cash and cash equivalents

	2024 £'000	2023 £'000
Cash at bank and in hand	**85,204**	32,477
	85,204	32,477

As disclosed in note 17, the cash and cash equivalents amounts exclude £720,000 (2023: £522,000) of cash which is included in other receivables.

19. Trade and other payables

	2024 £'000	2023 £'000
Current		
Trade payables	**10,237**	6,492
Energy and industry cost accruals	**47,337**	60,335
Renewable obligation liability	**35,374**	21,917
Operating and other accruals	**7,791**	6,485
Lease liabilities	**894**	354
Tax and social security	**17,172**	15,347
Other payables	**14,859**	12,915
	133,664	123,845
Non-current		
Accrued expenses	**2,064**	-
Lease liabilities	**906**	1,281
	2,970	1,281

Energy and industry cost accruals have decreased as a result of Unidentified Gas ("UIG") stabilising after volatile fluctuations in 2020 as a result of the pandemic, and in 2023 as a result of the outturns of unexpected low gas demand caused by the energy crisis. Subsequently there has been a reduction in cost accruals relating to customer contracts that are no longer required.

Lease liabilities

Group	Buildings £'000	Motor vehicles £'000	Total £'000
At 1 January 2024	1,081	554	1,635
Additions	-	1,921	1,921
Interest expense	59	108	167
Disposals	(912)	-	(912)
Payments	(148)	(863)	(1,011)
At 31 December 2024	**80**	**1,720**	**1,800**
Current	**25**	**869**	**894**
Non-current	**55**	**851**	**906**
At 1 January 2023	160	-	160
Additions	134	868	1,002
Interest expense	45	36	81
Lease modification	969	-	969
Payments	(227)	(350)	(577)
At 31 December 2023	1,081	554	1,635
Current	88	266	354
Non-current	993	288	1,281

The incremental borrowing rate used to measure lease liabilities was 6%. The same rate was applicable for both the leased buildings and motor vehicles.

The contractual maturities (representing undiscounted contractual cash flows) of the lease liabilities are disclosed in note 21. The total cash outflow for Group leases in 2024 was £989,000 (2023: £577,000).

Lease payments not recognised as a liability

The Group has elected not to recognise a right-of-use asset or lease liability for short-term leases (leases of expected terms of 12 months or less) or leases of low value assets. Payments under such leases are expensed on a straight-line basis. During 2024 the amount expensed to profit and loss was £5,000 (2023: £1,000).

20. Borrowings

	2024 £'000	2023 £'000
Current		
Bank loan	**222**	3
Non-current		
Bank loan	**4,745**	352
Total borrowings	**4,967**	355

Borrowings solely relate to the Group's investment in smart meters which return an index-linked, recurring annuity over a 15+ year term. The amount outstanding are from 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 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 disclosed in note 21.

21. 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.

The categories of financial instruments, including contract assets and liabilities, held by the Group are as follows:

	2024 £'000	2023 £'000

Financial assets		
Cash and cash equivalents	**85,204**	32,477
Financial assets recorded at amortised cost	**86,185**	120,978
Financial liabilities		
Financial liabilities recorded at amortised cost	**(120,760)**	(108,499)
Lease liabilities	**(1,800)**	(1,635)

Management considers that the book value of financial assets and liabilities recorded at amortised cost and their fair value are approximately equal.

Derivative instruments, related to the Group's hedging of forward gas and electricity demand, are level 1 financial instruments and, should they not be treated as for "own use" under IFRS 9, would be measured at fair value through the statement of profit or loss. Such fair value would be 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:

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

b) customer, industry participants and financial institution credit risk; and

c) liquidity risk.

(a) Commodity hedging 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 31 December 2024.

As far as practical, in accordance with the risk mandate, the Group attempts to match new sales contracts (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 had increased the potential gain or loss for an over or under-hedged portfolio over the 2023 and 2024 periods, 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. This risk is mitigated by energy delivered and not yet paid for, and no credit risk is therefore assessed as held at 31 December 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. The Group's new agreement with a group of Shell's standing has significantly reduced the exposure to counterparty risk, in view of the robust standing and contractual protections.

(b) Customer and financial institution 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, the Group's bankers where cash despots are held, and the Group's trading counterparties as noted in section (a) above. These operational exposures are monitored and managed at Group level.

Credit risk related to customer trade receivables

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 further 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 31 December 2024 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 31 December 2024 the Group held a provision against doubtful debts and expected credit loss of £36,600,000 (2023: £29,361,000). This is a combined provision against both trade receivables at £34,367,000 (2023: £27,651,000) and accrued income at £2,233,000 (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 maximum exposure assessed by directors is less than 9% of the gross balance, being £4,392,000, pre the consideration of any cash received from customers post the balance sheet date. If expected customer credit loss rate on trade receivables was +/-1% of that assessed, the gain or loss arising recognised in the income statement and impacting net assets would be +/-£504,000.

If the expected customer credit loss rate on accrued income was +/-1%, the gain or loss arising would be +/-£600,000.

Credit risk related to industry participants

The Group holds exposure to certain industry participants which, under Ofgem licence and market regulatory conditions, require payments in advance or other credit support. The total paid and outstanding to such industry participants at 31 December 2024 of £7,029,000 represents the maximum credit exposure.

Such amounts due are considered by management and refunds are requested, or alternative security provided by non-cash means, to the extent practicable. In view of the quasi-regulated nature of such counterparties, the directors consider the credit exposure to be low risk.

Credit risk with financial institutions

Cash balances are held in current and deposit accounts with the Group's bank, and short-term deposit accounts (which are either interest or non-interest accounts) with other major financial institutions.

At 31 December 2024 the Group had £85,204,000 (2023: £32,477,000) of cash and bank balances (as per note 18). This balance can also fluctuate materially during the normal working capital cycle of the Group, reaching significantly above the reported balance through each monthly cycle, and increasing to a typical high point on 30 August of each year.

The Group only holds cash deposits with highly rated financial institutions, with significant credit rating, and diversified from the Group's main banker to at least one further institution.

(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.

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 Agreement.

A deemed low cash collection scenario of +/-1% of billed cash in a month being delayed, in which customers delay or default on payment, would result in cash flow timing adjustments to management expectations of £455,000.

Undiscounted contractual cash flows

The tables below have been drawn up based on the undiscounted contractual maturities of the Group's financial liabilities, including interest that will be unwound on those liabilities:

Group	Carrying amounts £'000	Within 1 year £'000	2-5 years £'000	After 5 years £'000	Contractual cash flows £'000
Trade and other payables	115,793	114,857	976	-	115,833
Borrowings	4,967	629	2,517	4,324	7,470
Lease liabilities	1,800	976	947	-	1,923
At 31 December 2024	**122,560**	**116,462**	**4,440**	**4,324**	**125,226**
Trade and other payables	109,425	109,425	-	-	109,425
Borrowings	355	67	268	530	865
Lease liabilities	1,635	450	954	595	1,999
At 31 December 2023	111,415	109,942	1,222	1,125	112,289

22. Share capital and reserves

Share capital	**2024 Number**	**2024 £'000**	2023 Number	2023 £'000
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 with nominal value of £0.005 each, 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 Company holds 234,978 shares in treasury and as at 31 December 2024, the total number of shares in issue with voting rights was 16,784,337 (2023: 16,741,195).

The movement in share capital and 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 year relates to the exercise of various share options, at exercise prices of between £0.005 and £10.38.

The share premium movement in the year relates to:

- the excess of the price at which share options were exercised during the year, over the £0.005 nominal value of those shares, being £375,000 during the year (2023: £124,000); and

- the cancellation of the share premium account on 3 July 2024, when such cancellation was approved and certified under the Companies Act 2006. The share premium account of £12,284,000 was credited to distributable reserves on that date.

Treasury shares

On 22 May 2024 the Company purchased 234,978 ordinary shares at a price of £17 a 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. On 29 January 2025 the Group transferred 5,482 ordinary shares from treasury to settle an exercise of employee share options.

Other equity	**2024 Number**	**2024 £'000**	2023 Number	2023 £'000
Treasury shares	**(234,978)**	**(3,995)**	-	-

Merger reserve

The merger reserve was previously created as part of the 2016 Group reorganisation prior to listing and has been reclassified in the financial year.

Retained earnings

Retained earnings comprises the Group's cumulative annual profits and losses, including adjustments for equity-settled share-based payments (and related tax), the purchase of shares to be held in treasury, and the credit as a result of the cancellation of the share premium account.

23. Share based payments

The Group operates a number of share option plans for qualifying employees, both as equity and cash-settled share-based remuneration schemes. Equity-settled options in the plans are settled in equity in the Company.

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

		Exercisable between					
Date of grant	Expected term	Commencement	Lapse	Exercise price	Vesting schedule	**Amount outstanding at 31 December 2024**	Amount outstanding at 31 December 2023
6 April 2017	3	6 April 2020	6 April 2027	£0.005	1	**43,950**	43,950
6 April 2017	6.5	6 April 2020	6 April 2027	£2.844	1	**87,900**	87,900
28 September 2017	6.5	28 September 2020	28 September 2027	£5.825	1	**13,500**	27,000
9 April 2018	6.5	9 April 2021	9 April 2028	£10.38	1	**38,084**	59,084
26 September 2018	6.5	26 September 2021	26 September 2028	£8.665	1	-	6,539
25 February 2019	6.5	25 February 2022	25 February 2029	£1.09	1	-	20,000
4 October 2020	3	30 April 2023	4 October 2030	£0.005	2	**76,617**	172,388
4 October 2020	3	30 April 2024	4 October 2030	£0.005	2	**76,617**	172,388
13 May 2022	2	30 April 2024	4 October 2030	£0.005	2	-	25,539
1 December 2022	3	1 January 2026	1 July 2026	£2.28	3	**141,715**	156,536
19 December 2022	3.3	31 March 2026	19 December 2032	£0.005	4	**662,000**	762,000
17 May 2024	2	31 March 2026	17 May 2034	£0.005	5	**30,000**	-
						1,170,383	1,533,324
Weighted average remaining contractual life of options outstanding						**6.1 years**	7.1 years

The following vesting schedules apply to the options:

1 100% of options vest on the third anniversary of date of grant.

2 100% of options have vested on the achievement of a performance condition related to the Group's share price at a pre-determined date.

3 100% of options vest on the third anniversary of the Save As You Earn ("SAYE") savings contract start date.

4 The level of vesting is dependent on a performance condition, being the Group's EBITDA over a qualifying period. Shares are expected to vest in full.

5 The level of vesting is dependent on a performance condition, being the number of meters owned over a qualifying period.

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

	2024 Shares	2023 Shares
Balance at the start of the period	**1,533,324**	1,722,632
Granted	**30,000**	-
Forfeited	**(114,821)**	(97,731)
Lapsed	-	-
Exercised	**(278,120)**	(91,577)
Balance at the end of the period	**1,170,383**	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	**£0.005**	-
Options forfeited in the period	**£0.299**	£0.534
Options exercised in the period	**£1.353**	£1.354
Weighted average share price of exercised shares	**£17.03**	£9.27
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. The following fair value assumptions were assumed in the year:

	2024	2023

Dividend yield	**2.4%**	-
Risk-free rate	**4.3%**	-
Share price volatility	**66%**	-
Expected life (years)	**2 years**	-
Weighted average fair value of options granted during the period	**£16.40**	-

For the cash-settled share scheme, the following information is relevant:

	2024 Options	2023 Options
Balance at the start of the period	-	-
Granted	**240,000**	-
Forfeited	**(65,500)**	-
Lapsed	-	-
Exercised	-	-
Balance at the end of the period	**174,500**	-
Weighted average exercise price for:		
Options granted in the period	**£10.00**	-
Options forfeited in the period	**£10.00**	-
Options exercised in the period	-	-
Weighted average share price of exercised shares	-	-

The fair value of each option grant is estimated on the grant date using the Black-Scholes option pricing model. The following fair value assumptions were assumed in the year:

	2024	2023
Risk-free rate	**3.5%**	-
Share price volatility	**60%**	-
Expected life (years)	**3.25 years**	-
Weighted average fair value of options granted during the period	**£13.03**	-

The share price volatility assumption in 2024 was based on the actual historical share price of the Group since January 2023.

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

	2024 £'000	2023 £'000
Equity-settled share-based payment expense	**958**	1,150
Cash-settled share-based payment expense	**590**	-
National Insurance costs related to share options	**2,439**	108
Total share-based payment charge	**3,987**	1,258

Employer's National Insurance contributions are accrued, where applicable on unapproved (for tax purposes) share options, at the rate of 13.8% or 15.0% (2023: 13.8%) which management expects to be the prevailing rate at the time the options are exercised.

24. Commitments

Commodity purchase commitments

As disclosed in note 21, the Group has entered into commodity purchase contracts to hedge its exposures to fluctuations in gas and electricity commodity prices which meet the criteria for "own use" and are classified as off-balance sheet arrangements. Such contracts to purchase gas and electricity are set so as to match, to the extent possible, the demand from customers; therefore, they play a significant role in securing the forward expected gross margin on customer contracts which are set at the point of contracting new customers.

As part of the Group's risk mandate, the total commodity purchase contracts at 31 December 2024 amount to £315,037,000 (2023: £302,857,000). Such purchase contracts carry inherent risk to the Group through the value of such contracts, being significant commitment costs, and the potential exposure should customer contracts not cover commitment costs. The Group, however, has a significant contract book in excess of the purchase commitments, which limits the exposure risk, which is considered to be low, given they are underpinned by customer contracts. The benefits to the Group of the commodity purchase contract commitments arises through fixing future commodity costs against contracted revenue where a pre-determined margin and profit are realised.

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 31 December 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, as is common for such structures, 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 the Company.

As part of the Group's activities in financing smart meters, a Group entity has provided security over smart meter 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 17, included in other receivables of 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 31 December 2024 (2023: £nil).

25. Related parties and related party transactions

The Group has transacted with CPK Investments Limited (an entity owned by Bobby Kalar). CPK Investments Limited previously owned and leased the Nottingham office from which the Group operated via a lease to Yü Energy Retail Limited. In 2023 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 remained on an arm's length basis).

In 2024, the property was sold by CPK Investments Limited to the Group to provide additional flexibility for the Group's property strategy. The consideration paid of £1,709,000 was largely based on an independent valuation of the building, together with an assessment of value of fixtures and fittings acquired. The lease agreement between Yü Energy Retail Limited and CPK Investments Limited was transferred between Group entities and disposed of for the purposes of the consolidated Group accounts.

During 2024 the Group paid £92,000 in lease rental and service charges to CPK Investments Limited (2023: £135,000). There was a net balance of £35,000 owed to the Group from CPK Investments Limited at 31 December 2024, which was settled in full in January 2025 (2023: net payable of £35,000).

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 31 December 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.

26. Net cash/(net debt) reconciliation

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

	2024	2023
	£'000	£'000
Cash and cash equivalents	**85,204**	32,477
Borrowings	**(4,967)**	(355)
Net cash	**80,237**	32,122

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

	Cash	Borrowings	**Sub-total net cash**	Leases	**Net cash less leases**
	£'000	£'000	**£'000**	£'000	**£'000**
Balance as at 1 January 2023	18,970	-	18,970	(160)	18,810
Cash flows:					
Movement in cash and cash equivalents	13,507	-	13,507	-	13,507
Drawdown of new borrowings	-	(356)	(356)	-	(356)
Interest	-	(4)	(4)	(81)	(85)
Repayment	-	5	5	577	582
Recognition of leases on acquired right-of-use assets	-	-	-	(1,002)	(1,002)
Modification of lease liabilities	-	-	-	(969)	(969)
Balance as at 31 December 2023	32,477	(355)	**32,122**	(1,635)	**30,487**
Cash flows:					
Movement in cash and cash equivalents	52,727	-	**52,727**	-	**52,727**
Drawdown of new borrowings	-	(4,647)	**(4,647)**	-	**(4,647)**
Interest	-	(239)	**(239)**	(167)	**(406)**
Repayment	-	274	**274**	1,011	**1,285**
Recognition of leases on acquired right-of-use assets	-	-	**-**	(1,921)	**(1,921)**
Disposal of lease liabilities	-	-	**-**	912	**912**
Balance as at 31 December 2024	**85,204**	**(4,967)**	**80,237**	**(1,800)**	**78,437**

27. Subsidiary audit exemption

The following UK subsidiary undertakings are exempt from the requirements of an audit for the year ended 31 December 2024, under section 479A of the Companies Act 2006.

	Company Number
Yu Water Limited	09918643
Yü PropCo Leicester Limited	14307346
Yü PropCo Nottingham Limited	15994888
Yü-Smart Limited	12311416
Yü Services Limited	11440201

28. Post-balance sheet events

On 29 January 2025 the Group transferred 5,482 ordinary shares from treasury to settle an exercise of employee share options.

There are no other significant post-balance sheet events.

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