

YÜ GROUP PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 2024



ANOTHER NEW SET OF RECORD RESULTS IN REVENUE, PROFIT AND CASH TERMS."



BUSINESS REVIEW

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 EBITDA¹ 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 cash² 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 distributions³
- 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 Top 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

OUR PURPOSEAt Yü, we believe that bu

At Yü, we believe that buying utilities doesn't need to be complicated. Our purpose is to help businesses to realise Yütility Simplicity, freeing up time and resources so that they can focus on making their businesses thrive.

OUR VISION

To revolutionise the utilities market by empowering businesses with simple, smart, and innovative energy solutions. We aim to disrupt the dominance of the Big Six energy suppliers, champion the adoption of smart meters, and lead the way towards a transparent, sustainable, and customer-centric future.

OUR ACTIVITIES



ENERGY

Supply of business gas and electricity



SMART

Smart meter installation, maintenance and ownership

WHO WE SERVE



Micro, small and medium businesses



Multi-site, complex, industrial and commercial companies



Third-party intermediaries ("TPIs")



Other partners

CONTENTS

IFC STRATEGIC REPORT

- **IFC BUSINESS REVIEW**
- 02 STRATEGIC APPROACH
- 10 AT A GLANCE
- 12 CHAIRMAN'S STATEMENT
- 14 OUR BUSINESS MODEL
- 16 MARKET OPPORTUNITY AND POSITIONING
- 18 CHIEF EXECUTIVE OFFICER'S STATEMENT
- 20 INVESTMENT CASE
- 22 FINANCE REVIEW
- OUR FINANCIAL FRAMEWORK
 AND CAPITAL ALLOCATION POLICY
- **28 KEY PERFORMANCE INDICATORS**
- 32 SECTION 172 STATEMENT AND OUR STAKEHOLDERS
- **36 RISK MANAGEMENT**
- 37 PRINCIPAL RISKS AND UNCERTAINTIES

42 CORPORATE GOVERNANCE

- 44 BOARD OF DIRECTORS
- **6 CORPORATE GOVERNANCE REPORT**
- 50 AUDIT COMMITTEE REPORT
- 52 REMUNERATION REPORT
- 5 DIRECTORS' REPORT
- 7 STATEMENT OF DIRECTORS' RESPONSIBILITIES

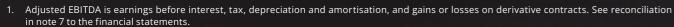
58 FINANCIAL STATEMENTS

- **60 INDEPENDENT AUDITOR'S REPORT**
- 65 CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
- CONSOLIDATED AND COMPANY BALANCE SHEET
- 7 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
- 68 COMPANY STATEMENT OF CHANGES IN EQUITY
- 9 CONSOLIDATED STATEMENT OF CASH FLOWS
- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
- **100 COMPANY INFORMATION**

Visit our website to find out more about Yü Group PLC







- 2. Net cash refers to cash and cash equivalents less the debt in the Group, excluding any lease liabilities.
- 3. £9.0m early payment of renewable obligation liability; £8.1m in smart meter and property capital investment; and £13.4m in capital distributions.

STRATEGIC APPROACH



YÜ ENERGY INCREASED SUPPLIED VOLUME OF ENERGY BY 78.2% IN THE YEAR."



HIGH GROWTH

As an independent, forward-thinking challenger brand, Yü Group PLC was founded to disrupt the business energy market and provide a reliable alternative to the Big Six suppliers. Since our inception, we've experienced significant growth, surpassing all expectations. We continue to capitalise on the vast potential of the commercial energy sector, exploring diverse avenues to seize new opportunities.

By offering a compelling customer proposition that fosters loyalty amongst our existing clients, combined with strategic acquisitions, we are committed to sustainably scaling our operations. Our smart metering division, Yü Smart, has opened up new avenues for growth, expanding our meter ownership and generating index-linked rental income that will support our long-term growth.

READ MORE

- Our business model: page 14
- Market opportunity and positioning: page 16

88.0k

METER POINTS SUPPLIED 2023: 53.4k

25%

CONTRACTED REVENUE GROWTH 2023: £0.8bn, 2024: £1.0bn

2.2 TWh

EQUIVALENT VOLUME SUPPLIED¹ 2023: 1.2 TWh

1.3%

YOY MARKET SHARE GROWTH 2023: 1.4%, 2024: 2.7%

Equivalent volume of energy supplied ("EQVS") is as defined on page 2

SUSTAINABLE PROFITABILITY

Our goal is to ensure growth is sustainable and profitable, with risks clearly managed. The volatility in global commodity markets over recent years has highlighted the importance of this, proving the effectiveness of our processes and evidencing robustness in approach.

Having returned to a "normalised" external energy environment, we carefully "segment" and constantly evaluate opportunities within our target markets. Driven by our digital approach and streamlined processes, we achieve acceptable customer contribution margins, whilst controlling costs and providing focused cash flow management.

We are well positioned to continue driving profitable and resilient growth.

£646m

REVENUE 2023: £460m

£80.2m

NET CASH 2023: £32.1m £48.8m¹

ADJUSTED EBITDA 2023: £43.9m

210p²

EARNINGS PER SHARE 2023: 189p

READ MORE

- Finance Review: page 22
- ► Key performance indicators: page 28

- Adjusted EBITDA is reconciled to operating profit on page 23.
- 2. Adjusted and fully dilute

STRATEGIC APPROACH continued



THE GROUP HAS A TECHNOLOGY
PLATFORM THAT IS SCALABLE,
DIFFERENTIATES OUR CUSTOMER
SERVICE AND ALLOWS EFFICIENCY IN
ACQUIRING AND SERVING CUSTOMERS."

UTILISING TECHNOLOGY

In the latest Market Share Report by Cornwall Insight, Yü Energy had climbed two places to rank the eleventh largest supplier of business electricity meters in the UK, whilst remaining the eleventh largest supplier of business gas meters. This growth in market share is underpinned by our Digital by Default strategy, which ensures we provide fast, efficient, and comprehensive support for our customers, whilst remaining competitive in a fast-changing market. With leading technology that empowers our teams, we are well positioned to ensure efficiency in acquiring and serving our customers as we scale.

With our in-house metering division, Yü Smart, we are contributing to the smart meter rollout, helping our customers better manage and monitor their energy usage. Smart meters also give us remote access to meters, improving insights and allowing us to respond quickly to issues.

READ MORE

Smart meter benefits: page 1



1

DIGITAL BY DEFAULT STRATEGY

x10

POTENTIAL GROWTH IN METERS, SERVED BY OUR DIGITAL PLATFORM

0.5%

22.9k

REDUCTION IN GENERAL OVERHEADS¹ 2023: 5.4%, 2024: 4.9%

SMART METERS INSTALLED 2023: 8.5k

. General overheads are as defined on page 31

ROBUST SYSTEMS AND EXPERIENCED MANAGEMENT

By implementing our tailored risk management strategy alongside the rollout of smart meters, we're able to mitigate many of the risks the market presents. This is supported by our experienced management team, which brings a wealth of knowledge from the energy sector and beyond, using its expertise to develop innovative solutions that optimise our performance and set us apart in the market.

We're also dedicated to fostering the development of our people through strong employee engagement, offering clear career paths and creating unique roles such as our smart meter technician position. Our employees play a vital role in ensuring our customers receive the best possible experience, helping us maintain high retention rates, actively manage our portfolio, and attract new clients.

Our commodity trading agreement with Shell was implemented in 2024, allowing the continued focus on commodity risk management and hedging, without the requirement of posting cash collateral, allowing the Group to invest in other areas to drive growth.

READ MORE

- Risk management: page 36
- Our colleagues: page 34

100%

COMPLIANCE WITH COMMODITY HEDGING RISK MANDATE

472

AVERAGE HEADCOUNT 2023: 295

4.2

TRUSTPILOT SCORE 2023: 4.1

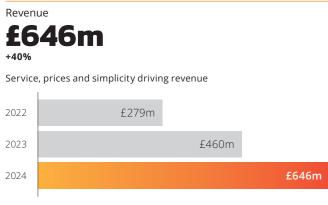
TOP 100

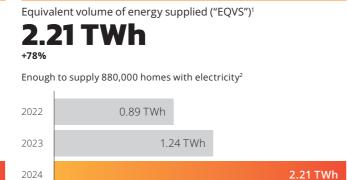
THE SUNDAY TIMES BEST PLACES TO WORK LIST
BIG ORGANISATIONS CATEGORY

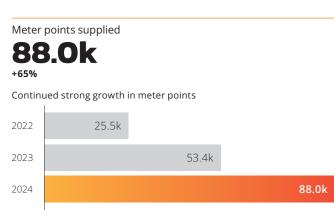
AT A GLANCE

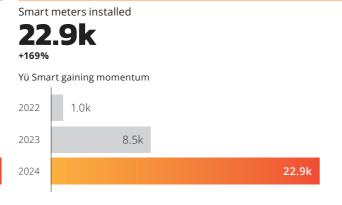
SUSTAINING SUCCESS: ANOTHER YEAR OF STRONG DELIVERY

2024 saw the Group continue to thrive, and a more "normalised" market. We continued on our strong trajectory with significant growth across meter points, revenue, EBITDA and more. With £42.6m in average monthly bookings, delivered through our well-defined digital platform, we are well positioned for sustainable growth. Yü Smart increased in scale throughout 2024, with new meter installations up 169%.

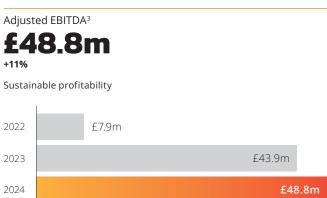








Profit before tax





- 1. Equivalent volume of energy supplied ("EQVS") is as defined on page 28
- 2. Based on average consumption of 2.5 MWh of electricity, ofgem.gov.uk.
- 3. Adjusted EBITDA is reconciled to operating profit on page 23.

Aggregate contracted revenue and volume⁴

£1,034m

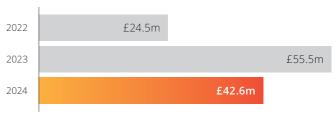
Clear visibility of future growth powered by business model



Average monthly bookings⁴

£42.6m

Strong growth in volumes, though lower commodity prices



Index-linked annualised revenue on smart meter assets

£1.3m

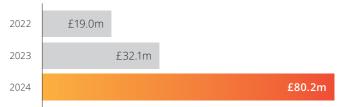
Smart meter ownership providing a growing 15+ year index-linked annuity



Net cash⁵

£80.2m

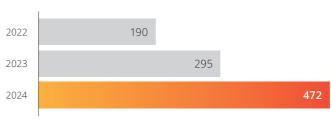
Opportunities for growth provided by financial stability



Average headcount

472

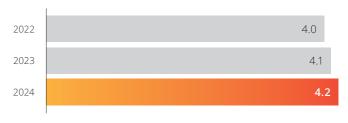
Reflects growth of engineering capability and supply growth



Trustpilot score

4.2 4.1 in 2023

Continuous improvement in customer service



- 4. Average monthly bookings and aggregate contracted revenue and volume are as detailed from page 28
- 5. Net cash is defined on page 22, and detailed in note 26 to the financial statements

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.



ROBIN PAYNTER BRYANT

Independent non-executive Chairman

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.

▶ Read more about stakeholder engagement from page 32 and risk management from page 36

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.

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

18 March 2025

YOUR BOARD WILL CONTINUE TO DELIVER JUDICIOUSLY CONTROLLED GROWTH WHILST IT CONTINUES TO SCALE THE GROUP."

▶ Read more about corporate governance from page 46

OUR BUSINESS MODEL

SIMPLE, RELIABLE, AND AFFORDABLE **BUSINESS UTILITIES AND SMART METERS**





SERVICES







Green energy







Ownership

CHANNELS



Inbound







Third-party

intermediaries

Other

Reduce estimated reads



BENEFITS OF SMART METERS

Accurate billing



Index-linked annuity income

HOW WE CREATE VALUE

- **Energy supply to businesses**
- **Innovation and expertise**
- **Comprehensive risk management**
- Dynamic hedging and competitive pricing
- Digital by Default approach
- **Excellent customer service**
- Strong governance and regulatory compliance

- Engineering and asset management
- **Skilled workforce**
- Asset maintenance and lifecycle optimisation
- Extensive training for engineers
- **Accurate billing for customers**
- Usage insights to inform decisions
- Better management of customer outcomes

OUR STAKEHOLDERS











Colleagues



Communities



Regulators

Read more about our stakeholders from page 32

WHO WE SERVE



Micro, small and medium businesses ("SME")



Multi-site, complex, industrial and commercial companies



Third-party intermediaries ("TPIs")



partners

WHY YÜ?

B2B FOCUSED

Our expertise in the B2B sector means we understand the different needs of business versus domestic consumers. Our focus is increasingly on the SME sector, with large numbers of meters, which presents a huge opportunity to the Group and aligns to our capability to service.

SIMPLICITY

Buying utilities doesn't need to be complicated. We have invested in technology to ensure that our processes are intuitive and that we get things right the first time. We turn around quotes quickly and take the hassle out of choosing a new supplier. We call it Yütility Simplicity!

GREAT PRICES

In times of energy market volatility, we offer our customers certainty that they are getting a great price. We keep a sharp eye on the market, on our competitors, and on our own costs, so that customers can be confident that we give them the best value for money.

SAFE PAIR OF HANDS

Customers have seen many suppliers fail over recent years. Our diligent approach to risk management means that our customers can be confident that we are here to stay.

See risk management: page 36

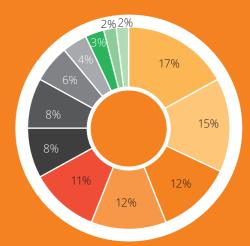
CUSTOMER SERVICE FOCUS

Part of making utilities simple involves ensuring that customers can complete the jobs they need to do with minimum hassle. We work hard to ensure that customers can self-serve if they want to, and also have access to other communication channels whenever, and wherever, they need it.

EXPERT PEOPLE

We've been growing fast over recent years and that means lots of new colleagues have joined the Yü family. We take pride in making Yü a great place to work, giving our colleagues training and development opportunities, and keeping them focused on delivering the best possible outcome for our customers.

CONTRACTED REVENUE BY INDUSTRY



A DIVERSE PORTFOLIO

KEY INDUSTRIES



Restaurants

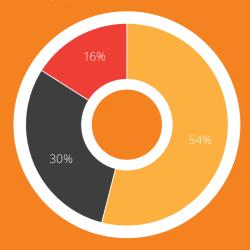


Manufacturing



Wholesale

METERS SUPPLIED BY METER TYPE



- Fligible for smart meter
- ☐ Half hourly and

MARKET OPPORTUNITY AND POSITIONING

CONTINUED GROWTH IN A £50BN+ MARKET

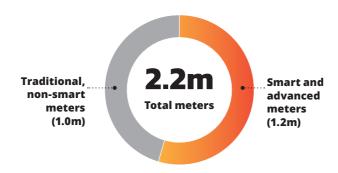
With a business energy market of over 3.2 m meters, we see huge potential for growth, evidenced by the rate at which we continue to increase our market share. Our unique blend of agility, simplicity and reliability, combined with a comprehensive product offering, sees us continue to establish ourselves as a serious player, challenging the Big Six.

Significant market share growth



Yü Energy market share

Smart meter opportunity in smaller business sites



1 million

of non-domestic market still using traditional meters²

In the last 12 months, our market share has grown 1.3%, taking In smart metering, 1m business energy meters and 18.6m domestic us to 2.7% of the UK business energy market. Despite our rapid energy meters are still to be upgraded to smart. This provides growth, this still leaves incredible potential for the Group to make significant potential for the ownership of new smart meter assets, significant gains. growing this revenue stream for the Group.



YÜ ENERGY CLIMBS TWO PLACES TO RANK THE ELEVENTH LARGEST SUPPLIER OF BUSINESS **ELECTRICITY METERS."**

CORNWALL INSIGHT MARKET SHARE REPORT, OCTOBER 24

ENERGY MARKET STABILISING

Wholesale energy prices stabilised in 2023 and have been more normalised to pre-pandemic levels since then.

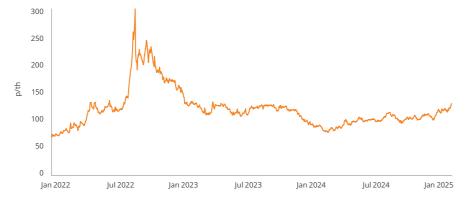
Commodity market movements are reflected in our tariffs to end customers.

FY24 revenue per EQVS averaged 21% below that in FY23.

For FY25, our forward revenue (and new bookings) is c.9% below the FY24 average as these normalised price contracts deliver.

- 1. Cornwall Insight Business Market Share Report, October 2024.
- 2. Department for Energy Security and Net Zero Q3 Smart Meter Report 2024.

EVOLUTION OF FORWARD GAS PRICE



YÜ SMART PROVIDING SUBSTANTIAL **BENEFITS TO THE GROUP**

In 2023, we launched our in-house metering division, Yü Smart, marking a significant milestone in our journey toward sustainability and long-term growth. The integration of Yü Smart into the Group has been a pivotal element of our strategy, positioning us to capitalise on new revenue opportunities whilst enhancing our ability to manage customer outcomes more effectively. By owning and operating our own meters, we unlock substantial annuity income potential, ensuring a steady stream of recurring revenue that will support our continued market expansion and overall growth trajectory.

Seizing opportunities in the smart metering market

As the Government's smart meter rollout continues, we are capitalising on a critical time to drive progress in the smart metering sector. The Group is well positioned to invest in the growth of Yü Smart. With increasing pressure on suppliers to meet smart meter targets, we are in a prime position to efficiently, safely, and rapidly deploy smart meters to our clients, with scope to expand our meter ownership by offering metering services to other suppliers.









100

Meter technicians 2023: 50

15+ year

Asset life



27.2k **Meters** owned 2023·41k



Value

and benefits in and beyond energy supply



£1.3m/yr **Index-linked annuity** income stream







BENEFITS TO CONSUMERS





Trust







BENEFITS TO SUPPLIERS



CHIEF EXECUTIVE OFFICER'S STATEMENT

DELIVERING GROWTH AND SUSTAINABLE VALUE

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



BOBBY KALARChief Executive Officer

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.

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







increase in energy delivered



revenue up 40.3%



22.9k

smart meter installations



£1.3m

See more on our business model, the market opportunity available, our market positioning and the growth in Yü Smart from page 14

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 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

18 March 2025

INVESTMENT CASE

OUR STRONG INVESTMENT CASE

YÜTILITY SIMPLICITY

Yü Group prides itself on being the only supplier offering businesses straightforward, comprehensive and cost-effective multi-utility plans for gas, electricity and water. We offer our customers simple, fixed-price utility plans, combined with a focus on customer service, to help save businesses time and money.

Our online portal, extensive support articles and multi-channel customer service provide the best experience for our customers at every interaction.



SIGNIFICANT SUPPLY OPPORTUNITY

As the leading challenger brand, we're continuing to take market share in a £50bn+ addressable market with significant barriers to entry. Our SME market positioning gives us a competitive advantage with huge opportunity for growth through multiple avenues and routes to market.

PROVEN STRATEGY

Our clear financial framework delivers very strong, profitable growth, with excellent earnings visibility and clear trajectory for sustainable growth. Everything we do is underpinned by our Bigger, Better, Faster, Stronger approach.

Targeting significant growth delivered organically through a multi-channel approach and through the strategic acquisition of customer books from competitors.

Better

Continued development of the Group's strong financial performancethrough increased top-line revenue, improving net customer contribution and leveraging overheads.

Our Digital by Default strategy drives new opportunities to grow, giving customers easy access to sign up. It also lowers our cost to acquire and serve, supported by data science to enhance business outcomes.

Stronger

Managing the Group's ambitious growth plans requires robust governance, robust hedging, customer centricity, and a workforce fully engaged and aligned to the Group's vision.

SMART METERS CHANGING THE GAME

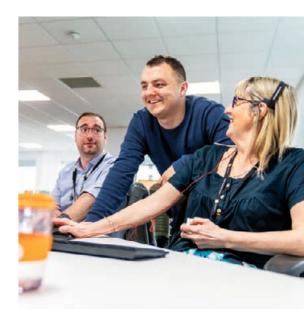
Our metering division, Yü Smart, has opened up significant opportunity for the Group in the form of growth, annuity income and favourable customer outcomes. We are continuing to increase our ownership of meters whilst better understanding usage and payment habits to optimise our trading decisions and billing accuracy.

Smart meters have unlocked asset ownership opportunities which provide 15+ year, index-linked rental income, simultaneously helping to reduce risk.

STRONG FOUNDATIONS

A strong balance sheet, capital light model and excellent cash generation create opportunities to invest for growth, whilst our strong hedge book provides sustainable profitability despite changing energy markets. We have proven our agility and adaptability to volatile market conditions, not just showing our resilience, but thriving despite a number of well-publicised supplier failures. Now the market has stabilised, we are well positioned to continue growing our market share.

Through our efficient and professional commodity hedging activities, supported by the capital light trading agreement with Shell, we access wholesale commodity markets to forward buy our customers' demand requirements, which mitigates risks from market volatility and preserves gross margin assumed at the point of sale.





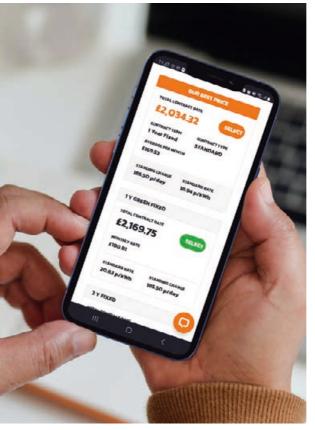


to onboard and manage their accounts online, and speak to an adviser instantly via live chat. Our technology stack seamlessly guides customers through the entire lifecycle, from onboarding to renewal, whilst gathering

insights that inform future decisions. We constantly review our processes against the customer journey, ensuring we stay ahead of the competition.

EXPERT MANAGEMENT

Our ambitious, highly experienced leadership team is committed to delivering for all our stakeholders, sharing their wealth of knowledge and industry insight to ensure success in every area. We are proud of our people and believe we have some of the best talent in the industry driving consistent growth and providing an excellent customer experience.



Annual report and financial statements 2024 Annual report and financial statements 2024

FINANCE REVIEW

STRONG AND SUSTAINABLE EARNINGS ALONGSIDE SIGNIFICANT GROWTH

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



PAUL RAWSON
Chief Financial Officer

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 ILARR⁴ of £1.3m (2023: £0.2m)

Financial metrics

£m unless stated (* % of revenue)	Change	2024	2023
Revenue	+40.3%	645.5	460.0
Gross margin* %	-3.6%	14.5%	18.1%
Net customer contribution ^{1*} %	-2.5%	12.4%	14.9%
General overheads* %	+0.5%	(4.9%)	(5.4%)
Adjusted EBITDA* %	-1.9%	7.6%	9.5%
Adjusted EBITDA ²	+4.9	48.8	43.9
Profit before tax	+4.8	44.5	39.7
Net cash flow	+39.2	52.7	13.5
Net cash³	+48.1	80.2	32.1
Earnings per share (adjusted, fully diluted)	+21p	210p	189p
Dividend per share (interim and final)	+20p	60p	40p

Other metrics

Change	2024	2023
+8.8%	566	520
+25.2%	1,034	826
+34.5%	39	29
+78.2%	2.21 TWh	1.24 TWh
+1.1	1.3	0.2
-1 day	3 days	4 days
	+8.8% +25.2% +34.5% +78.2%	+8.8% 566 +25.2% 1,034 +34.5% 39 +78.2% 2.21 TWh +1.1 1.3

- 1. Net customer contribution represents gross margin less bad debt
- 2. Adjusted EBITDA: Earnings before interest, tax, depreciation and amortisation, and before any non-recurring costs and share-based payment charges and as reconciled to statutory operating profit on page 23 and in note 7 to the financial statements.
- 3. Net cash: Cash and cash equivalents, less borrowings and before leases and as per note 26 of the financial statements.
- 4. ILARR: Indexed-linked, annualised recurring revenue, estimated from investment in smart meters.
- 5. Contracted revenue, non-contracted annualised revenue, equivalent volume of energy supplied and overdue customer receivables are as defined on pages 28 to 31.

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.

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	43.96
% of revenue	7.6%	9.5%
Adjusted items: ⁷		
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.

- 6. For 2023, adjusted EBITDA has been amended to reflect the exclusion of share-based payment charges (£42.6m as previously reported).
- 7. As further disclosed in note 7 of the financial statements.

FINANCE REVIEW continued

Movement in net cash

Cash flow £m	2024	2023
Casil flow Lift	2024	2025
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	(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.

OUR GROWING RETURNS FROM SMART METER ASSETS



27.2k **Meters** owned

(total smart meter assets)



£1.3m 15+ year annuity (growing ILARR, with

strong cash conversion)



£6.3m Investment

(aggregate from FY23 in smart meters)



Installs/month (in H2 24, based on growing capability) 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

Annual report and financial statements 2024

TRANSFORMATIONAL **COMMODITY TRADING** AGREEMENT WITH SHELL

Our new five year commodity trading arrangement with Shell Energy Europe Limited ("SEEL") became effective in February 2024. This agreement provides Yü Energy with access to gas and electricity commodity markets to hedge forward commodity risk exposure without the need for significant cash collateral to be lodged.

KEY BENEFITS



Scalable

The arrangement means SEEL will support Yü Energy for gas and electricity commodity arrangements both now and as we scale. The facility provided can take the Group to £1bn revenue and beyond.



Value enhancing

Our customers can continue to benefit from fair prices, with Yü Energy able to access the market for traded commodity products for the coming days, weeks, months and seasons ahead.



SEEL's structure is "capital light" for Yü Energy, allowing cash that was previously held on the balance sheet to be invested in initiatives which could further accelerate growth or performance.



The agreement with a major provider such as SEEL follows a thorough assessment of options by Yü Energy and a period of detailed due diligence and finalisation to land on the appropriate structure.



Sustainable

The agreement allows access to renewable or sustainable sources of gas and electricity, allowing Yü Energy customers to benefit from low carbon offers backed by significant assets.

▶ Read more about our hedging policy on page 37



THE ARRANGEMENT WITH A MAJOR COMPANY SUCH AS SHELL FOLLOWS A ROBUST SELECTION PROCESS. YÜ ENERGY BENEFITS FROM THIS **NEW FIVE YEAR STRATEGIC PARTNERSHIP, WHICH ALLOWS ACCESS TO COMMODITY MARKETS TO SECURE A FAIR PRICE FOR OUR CUSTOMERS** WHILST NEGATING THE NEED TO TIE UP CASH AS COLLATERAL."

BOBBY KALAR, CEO

OUR FINANCIAL FRAMEWORK AND CAPITAL ALLOCATION POLICY

Our financial framework enables a focus on shareholder value.

GROWTH



BIGGER | Subscription revenue model

Being Bigger in a huge market and benefiting from a subscription revenue model

- > High organic growth in gas and electricity supply activities
- > Clear forward revenue visibility from one, two and three year supply contracts
- > Supplementing contracted revenue with customers supplied on variable, out-of-contract arrangements
- > Potential to supplement via inorganic growth in existing or new areas

Our position:

2.7%

market share, up from 1.4%

£1,034m

of revenue already contracted, of which £566m relates to EY25 £42.6m

of average monthly bookings

PROFITABILITY



BETTER | Net customer contribution

>> FASTER | Leverage overheads

Generating Better net customer contribution (improving gross margin and controlling bad debt)

- > Ensuring a quality customer book, at sustainable net customer
- > Strong hedging and customer lifecycle management
- > Managing customer credit risk, with continually improving processes
- > Increasing our smart metering capability

Our Digital by Default approach allows us to leverage overheads as we scale

Our focus:

- > Unlocking scale benefits by ensuring our platforms are fit for growth
- > Increasing efficiency, via technology, in our sales and operational teams to reduce cost to acquire and cost to serve
- > Ensuring efficient and managed administrative costs
-) Investing op-ex (e.g. marketing or new business) to enhance future value

Our position:

net customer contribution

Our position:

4.9%

general overheads

CASH AND INVESTMENT MANAGEMENT



STRONGER | Close cash and capex management



STRONGER | Targeted capital allocation

Having Stronger controls and governance, and a clear focus on cash generation and risk management, provides long-term potential for shareholder value

Our focus:

- > Prompt "bill to cash" conversion of trade receivables
-) Investment into smart meter assets to drive long-term) Managing capital allocation in line with clear plan annuity income
- > Allocating resources for growth related overheads and digital development, to accelerate profitable growth
- > Robust hedging of commodity risk
- > Progressive dividend policy

Our position:

net cash

£80.2m

index-linked annualised recurring revenue

per share total dividend for FY24

OUR CAPITAL ALLOCATION PLAN

Our capital allocation plan aims to ensure focus on those areas of opportunity which enhance shareholder value.

- 1. WORKING CAPITAL REQUIREMENT
- Maintain appropriate working capital levels
- Maintain commodity hedging arrangements
- > Early payment of costs where value enhancing
- 3. DIGITAL AND ENABLING INVESTMENT
- > Continued evolution in digital offering
-) Investment in other assets to facilitate the Group's growth or efficiency
- 5. SHAREHOLDER RETURNS
- > Dividend increasing on a sustainable basis, broadly aligned with earnings, and to c.3x dividend cover
- > Share buy-back and/or special dividend to the extent surplus cash is available, and there are no other opportunities to provide better value enhancement

2. GROWTH INVESTMENT

- Marketing, brand and sales investments to accelerate growth
- > Capital investment in smart metering assets for index-linked annuity income stream

4. VALUE ACCRETIVE ACQUISITION

- > Customer book or other related M&A
- Requires appropriate ROCE and cash flow returns above WACC²

Funded through cash reserves or, where asset specific (e.g. metering assets), debt financing

^{1.} Net customer contribution represents gross margin less bad debt, and general overheads are those costs charged against adjusted EBITDA, both expressed as a percentage of revenue.

^{2.} ROCE being return on capital employed and WACC being weighted average cost of capital.

KEY PERFORMANCE INDICATORS

CONTINUED GROWTH AND PERFORMANCE IMPROVEMENT

Links to strategy:

Bi Bigger (High growth)

Be Better (More profitable)

Faster (Digital by Default)

Stronger (Well managed)

Link to strategy: Bi

EQUIVALENT VOLUME SUPPLIED

2.21 TWh

Increase of 78% in 2024



Definition

Equivalent volume of energy supplied ("EQVS") is a new measure to provide additional insight as to the volume of energy delivered to customers, based on electricity volume equivalent and measured in terawatt hours ("TWh") (with 1 TWh being equivalent to 1m megawatt hours ("MWh")). This is after considering that a MWh of electricity is worth, in revenue terms, approximately 4x a MWh of gas, as per Ofgem analysis. EQVS therefore provides an indication of the value-weighted volume of energy supplied by the Group, being a significant driver of revenue recognised by the Group.

Performance

The Group has delivered an EQVS of 2.2 TWh during 2024, an increase of 78% on the volume supplied in 2023. Management is pleased with the increase observed in this measure, which is reflective of the organic growth in the Group's customer portfolio.

Whilst the volume delivered in 2024 is at a lower revenue per MWh than in the previous year, at £292/MWh, this is driven by a continued reduction in commodity prices during 2024. This reduction is now largely already priced in the tariffs included in forward contracted revenue, and of new bookings being made, which suggests a more normalised tariff, approximately 9% below the FY24 value.

Target

In line with the Group's growth strategy, the Board targets continued organic growth, despite the lower commodity market environment.

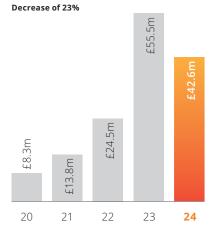
Internal management targets note an increase in this metric of between 20% and 40% for 2025.

Link to strategy: Bi Be St

AVERAGE MONTHLY NEW BOOKINGS

Average contract term: 25 months

£42.6m



Definition

Bookings represent the estimated¹ annualised revenue (or contract term if less than one year) of new business signed for the supply of energy, averaged monthly. Such bookings are secured through renewal or cross-sell of additional services with existing customers or the acquisition of new customers through various sales channels.

Bookings will result in additional contracted revenue, dependent on contract start dates and excluding adjustments (for example for contracts which do not go live as expected or where the booking is an early renewal).

Performance

Bookings remained strong during the year, as evidenced by the increase in the total number of meter points on supply and under contract, although a softer commodity pricing environment contributed to a lower absolute value of average monthly bookings compared to the previous year. As a result, average monthly bookings for the year fell slightly to £42.6m, down from £55.5m in 2023.

The average contract term on new bookings in the year rose to 25 months, compared with the 21 months achieved in 2023. The increase reflected the declining energy price environment over the course of the year, which has encouraged existing customers to lock in new extended contracts (known as "Blend and Extend") and has allowed an increased market share as new customers look for new propositions and value our innovative and digitally led, good-value offering.

Targe

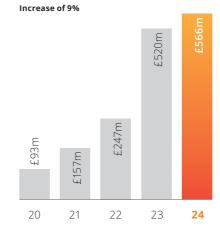
The Board expects to deliver strong bookings performance at least aligned to that achieved in FY24 as the Group scales its activities and takes further market share.

Link to strategy: Bi Be Fa



(ONE CALENDAR YEAR FORWARD)

£566m



Definition

The estimated² revenue value from agreed contracts with customers for the next financial year.

The KPI excludes revenue contracted beyond a year forward and any out of contract customers.

The level of contracted revenue represents a good basis on which to calculate potential growth in revenue for the next year.

Performance

Contracted revenue at the end of 2024 for delivery in 2025 was £566m, being 9% above the £520m contracted at the end of 2023 (for delivery in 2024). The increase reflects strong underlying sales volumes but at reduced tariffs compared to the 2023 exit position, due to the reduction in commodity prices through 2023 and 2024. In addition, total contracted revenue (i.e. revenue to deliver in 2025 to 2028) surpassed the £1bn mark at the end of 2024, rising to £1,034m from £826m in the previous year.

This performance provides management with confidence that the Group can continue to achieve high growth in revenue in FY25 and beyond.

arget

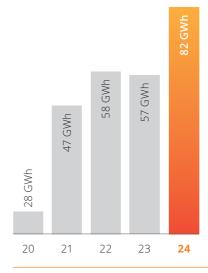
Management has set internal targets to increase the contracted revenue by the end of 2025, for delivery in 2026, to be significantly above the £566m contracted for delivery in 2025 and for aggregate contract revenue to also increase proportionally.

Link to strategy: Bi Be

AVERAGE UNCONTRACTED VOLUME

89 GWh
At year end 31 December 2024

82 GWh average



Definition

This KPI represents the monthly average of estimated annualised volume of energy (in gigawatt hours ("GWh") and based on EQVS) where customer sites are supplied on a deemed or out of contract basis. Such customers typically have taken over responsibility of a property which was already supplied by the Group (deemed basis) or held a previous contract which has now expired (out of contract basis). The measure also includes, where appropriate, customer volume transferring on a deemed basis to the Group following appointment as Supplier of Last Resort ("SoLR").

Uncontracted volume generates revenue based on the Group's published variable tariffs, which are regularly reviewed to ensure they reflect underlying commodity markets. These tariffs attract higher risk premiums (and hence revenues) in view of their uncontracted and flexible basis and generally have a higher level of bad debt risk.

Performance

Average uncontracted volume was 82 GWh during 2024, an increase of 44% on the 57 GWh during 2023. The increase reflects the underlying growth in the Group's customer portfolio and a trend towards fewer large gas customers within the uncontracted portfolio.

At 31 December 2024, uncontracted volume of 89 GWh is above the 59 GWh exit level in 2023. The uncontracted volume is expected to generate revenue³, based on tariffs at 31 December 2024, of £39m in 2025, which is additional to the contracted revenue reported.

Target

With continued growth in business activities, management expects average uncontracted volume to increase moderately. This reflects customers churning to out of contract rates, mitigated by management actively encouraging good customers to enter new contracts (which may lead to a reduction in uncontracted volume, with an increase in bookings and contracted revenue).

- l. The actual amount of revenue recognised can typically vary by up to 10% due to the inherent estimation involved in this calculation.
- 2. The actual amount of contracted revenue to deliver can typically vary by up to 20% for contracts which do not deliver in line with the agreed contract (e.g. for contracts which do not start at the scheduled time or where consumption is lower than that contracted by the customer).
- 3. Based on applicable tariffs at 31 December 2024 and assuming all uncontracted volume remains on supply during 2025. In view of the inherent uncertainty in such tariffs and volumes, this amount is for illustration purposes only.

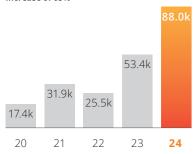
KEY PERFORMANCE INDICATORS continued

Link to strategy: Bi Be

SUPPLY METER POINTS

88.0k

Increase of 65%



Definition

The total meter points demonstrate the gas, electricity and water supply points served or under contract to be served by the Group at the relevant year end. They represent an approximate indicator of business growth, though each meter will have its own revenue characteristics depending on the scale of use of the utilities by the end customer.

Performance

The number of meter points increased by 65% in 2024, demonstrating strong performance in the number of customer bookings and volumes of energy secured under new contracts. Management is pleased with the growth in the Group's customer portfolio, which reflects a focus on attracting and retaining customers in its core market segments.

The level of meter points supplied also provides further value opportunity for the Group in installing new smart meters or providing service and maintenance to supplied meters.

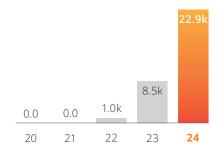
Target

In line with the Group's growth strategy, the Board targets continued organic and inorganic growth. Internal management targets note an increase of 20% to 50% for 2025.

Link to strategy: Bi Be

SMART METER INSTALLATIONS

27,200 assets owned by the Group, representing £1.3m annual index-linked revenue



Definition

The Group installs smart meters via its Yü Smart segment. The installation of meters is funded by a combination of external borrowings and Group funds.

Smart meter installations reflect the number of energy meters installed in the period by the Group.

Performance

Yü Smart commenced activities in late 2022 and scaled its operations during 2023 and 2024. Meter installations increased by 169% during the year, which reflects a focus on recruitment of engineers and installation efficiency. The Board is pleased with the performance achieved.

At 31 December 2024, the Group owned a total of 27,200 meters in its portfolio. These meters are expected to generate an ILARR4 of £1.3m.

The Board targets a significant increase of several thousand installations for 2025 as the business continues to scale. The potential to invest in such meters provides a potential significant index-linked recurring income stream for the Group over a 15+ year asset life.

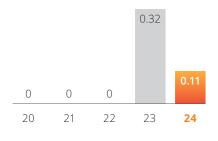
Link to strategy: St



ACCIDENT FREQUENCY RATE Incidents per 100,000 hours worked

0.11

Our goal is to have zero incidents



Definition

The accident frequency rate ("AFR") measures the safety performance of our operations, with particular focus on the engineering activities delivered through Yü Smart.

It is calculated as the number of accidents resulting in an absence of more than one day per 100,000 hours worked. This metric is used in conjunction with other key performance indicators, such as near misses, minor accidents and RIDDOR incidents, to provide a comprehensive view of our safety performance.

Performance

The Group recorded an AFR of 0.11, which is more favourable than our peers in this sector. The reduction in AFR in the year reflects the Group's prioritisation of safety matters and management is pleased to note the improvement in this metric. Despite this improvement, our commitment to the safety and wellbeing of our employees requires a focus on a goal of zero incidents.

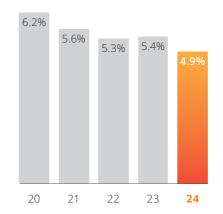
Target

Our goal is to achieve zero lost time incidents and therefore a zero AFR. We strive to improve our AFR performance at all times, building momentum towards this target every year and ensuring we operate as one of the safest performers in the industry.

4. ILARR represents Index-linked annualised recurring revenue from investment in smart meters.

Link to strategy: Be Fa St **GENERAL OVERHEADS**

4.9% Decrease of 0.5% from 2023



Definition

General overheads represent, as a percentage of revenue, the overhead expenses (excluding bad debt) charged to adjusted EBITDA. They comprise the operating costs, on a normalised basis, before any exceptional or non-recurring costs.

Such general overheads are allocated by management between cost to acquire (incurred in sales, marketing and pricing new business), cost to serve (to operate and deliver core services to customers, including credit control), and general administrative (typically relatively fixed costs of the Board, functional support such as IT, HR and finance, and property costs).

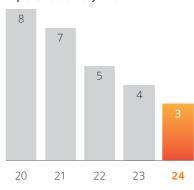
Overheads as a proportion of revenue have decreased in the year as a result of operational efficiencies that the Group is now able to achieve following its investment in digital technologies

Target

As a result of the efficiencies brought by scaling the Group, close control over fixed overheads, including further costs related to scaling YÜ Smart, and further benefits from the Group's digital investments, the Group is expected to reduce overheads from the current level over the medium term

Link to strategy: Be St **OVERDUE CUSTOMER RECEIVABLES**

3 days Improvement of 1 day in 2024



Definition

Overdue customer receivables ("OCR") represent the amount outstanding and overdue, net of provision and deferrals, to key customer receivable balances compared with the revenue recognised. Such balances are the amounts held in relation to accrued income which is beyond the normal one month billing cycle, plus trade receivables (net of VAT and CCL) that are overdue.

Management utilises this metric as it assesses the trending of working capital tied up in customer receivable balances and demonstrates unprovided risk to the income statement on such balances

Performance

A robust performance has remained in this key measure, with a one day improvement.

The Group has a cautious bad debt and expected credit loss provisioning policy, which is clearly evident from the OCR metric.

Target

The continued improvement in this metric over recent years has shown clear focus by management in this area. Based on the wider economic context, the Board targets OCR to be below eight days as a reasonable performance.

Other key performance indicators

Adjusted EBITDA is one of the significant profitability measures used by the Group to benchmark against strategic aims. See notes 1, 7 and 8 of the financial statements for definitions and reconciliations of these performance measures.

In addition, the Board and Executive Management Team monitor various other financial and non-financial metrics to manage the business and drive forward performance. Such metrics include reported dangerous occurrences and near misses, the Group's Trustpilot score and complaint information, total contracted revenue, average term of contract, contract renewal rate, ratio of billing to cash, customer engagement via digital channels, employee engagement, and compliance with covenants and internal risk policies.

Links to remuneration

Management bonus incentives are linked to business growth, profitability and other KPIs to deliver appropriate outcomes.

The Group has previously awarded performance shares which are linked to share price growth and operational targets. More recent awards of LTIPs under performance share awards link vesting requirements to the achievement of certain ambitious yet achievable business performance conditions, with such conditions set, and to be monitored by, the Remuneration Committee.

Links to strategy:

Bi Bigger (High growth)

Be Better (More profitable)

Faster (Digital by Default)

Stronger (Well managed)

SECTION 172 STATEMENT AND OUR STAKEHOLDERS

CONSIDERING OUR KEY STAKEHOLDERS

Our stakeholders are vital to the success of our business. Our carefully managed engagement plan is aimed at benefitting our shareholders, customers, people, regulators and community.

SHAREHOLDERS



Investors seek a clear grasp of the Group's financial health, future prospects, and strategic initiatives, emphasising transparent reporting on performance, risk and dividends. Shareholders value insight into the Company's long-term vision, innovation, and ability to tackle challenges.

A proactive approach to addressing concerns and consistent communication on progress are vital for building and maintaining trust, though without distracting management from its core strategic priorities.

How we engage

- > Regular meetings and presentations to significant investors following key events and results announcements in the year
- Engagement with broker (and other investor-facing advisers) to ensure appropriate stakeholder communication
- On line presentations at key times of the year (AGM/Annual Results)
- > Full year and half year trading updates shared via regulatory news service, website and social media
- Ensuring appropriate dialogue via the investor relations contact
- > Investor days where we invite shareholders into our offices for an update on the Group's progress and strategic priorities and introduce key team members
- > Events with our nominated adviser and broker

CUSTOMERS



For customers, the focus is on reliability, simplicity and value. They expect a seamless experience from switching, to smart meter installation, and through to renewal. Regular updates regarding their accounts, energy-saving advice and cost-saving initiatives are essential to keep customers engaged. Additionally, transparent communication and responsive customer support help build and maintain customer loyalty.

How we engage

- > Simple, digitally led engagement to allow self-service through channels such as online quote tool and customer portal
- > Customer surveys to gather feedback on satisfaction levels and shape future products and service offerings
- > Customer insights gained through market research to better inform our support and customer experience
- Website pages, FAQ pages and regular communications to support new and existing customers and to promote our range of complementary products and services
- > Free smart meter installation to help customers better manage consumption
- > Increased range of automated marketing to further support customers on energy efficiency and cost-saving initiatives
- Multiple channels to contact customer services, as well as comprehensive range of support articles, for fast resolution of queries and issues

REGULATORS



Regulators seek compliance, reliability and adherence to industry standards. Regulators want assurance that the Company is operating ethically and in the best interests of the industry, customers, and the public. Engaging in open dialogue with regulatory bodies helps foster a co-operative relationship and ensures the Company stays ahead of evolving industry standards.

How we engage

- As a responsible supplier, we engage with Ofgem and Ofwat as regulators of the industry, the Government and appropriate departments (including BEIS)
- Implementation of various Government backed schemes to support customer bills
- Responsive approach to regulators' various requests for information
- > Strong governance ensuring compliance with AIM and other market listing corporate compliance
- Membership of Quoted Companies Alliance to promote good governance



YÜ ENERGY HAS GREAT ACCOUNT **MANAGEMENT AND FAST, RELIABLE. CONSOLIDATED BILLING, AND CARES ABOUT THEIR CLIENTS."**

GIGGLING SQUID RESTAURANTS



SECTION 172

In accordance with section 172 of the Companies Act 2006, each of our directors acts in a way they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. The directors ensure a focus on quality management, ensuring high standards of conduct and sound business ethics, including clear and well-communicated Company values and policies. The Group's governance frameworks, as referenced in the Corporate Governance section of this annual report from page 43, provide further information on how the directors ensure appropriate consideration for such decisions. The Board's principal considerations and decisions in FY24 are documented on page 48.

SECTION 172 STATEMENT AND OUR STAKEHOLDERS continued

COLLEAGUES



Our colleagues value transparent communication and demonstration of commitment to their wellbeing and professional growth. They seek clarity on the Company's strategic direction, performance metrics and their role in achieving corporate goals. Recognition, fair compensation and a positive work culture are crucial expectations.

Once again, our vibrant Company culture has been externally recognised through our inclusion in The Sunday Times Best Places to Work List 2024, this time in the "Big Organisation" category.





How we engage

and upskill teams

and positive culture



Health and safety statement

The Group has always prioritised health and safety in all areas of its operations, including Yü Smart and the operations undertaken by its field operatives.

responsibility of the business to ensure that appropriate measures are in place to protect the health and safety of its employees and the general public.

The focus is holistic, considering all aspects of work undertaken and the risks and hazards presented, as well as the locations at which the work is performed. This includes:

hazards and risks associated with field-based activities to determine the necessary precautions and controls required to protect people and property;

) a health and safety plan which outlines the steps to be taken to ensure exemplary health and safety, including procedures for reporting and addressing incidents and accidents, as well as training and communication protocols;

> Quarterly "Town Hall" meetings led by senior managers

> Annual business-wide event to celebrate individual

> Employee knowledge base to enhance knowledge capture

> Employee feedback sessions, including monthly one-to-one meetings, employee engagement survey, biannual development

> Company-wide intranet and newsletter to improve internal

> Implemented career pathways to support talent development

> Extensive benefits package to support our employees, including

Group life insurance scheme and health and wellbeing app

> Full calendar of staff events to promote collaboration

> Disability Confident Employer accreditation

reviews and team briefing outcomes

communication and employee engagement

in response to engagement survey feedback

achievements, including employee/team of the year recognition

to celebrate achievements and keep employees informed

- Field work can pose an increased risk of injury or illness and it is the > ensuring employees have access to appropriate personal protective equipment and that they are trained on how to use it properly;
 - > keeping employees informed about the health and safety risks associated with operations and what measures are being taken to protect them, through training sessions, meetings and written communications; and
- > conducting risk assessments to identify and assess the potential > regular monitoring and review of the effectiveness of health and safety measures and the introduction of any necessary changes, e.g. improving communication, training, methods, processes and procedures.

COMMUNITIES



The local community looks to us for more than just energy services; it expects responsible corporate citizenship. Community stakeholders want to see sustainable practices, involvement in local initiatives and a positive impact on the local area. Building trust through social responsibility strengthens the Group's bond with the community it serves.

274 GWh

OF PURE GREEN ELECTRICITY SUPPLIED TO CUSTOMERS ON OUR 100% GREEN ELECTRICITY PLAN

OUR SUSTAINABILITY STRATEGY

How we engage

- Supporting career development in local communities by engaging with local educational institutions to offer student placements and apprenticeships
- Raised nearly £11,300 during the year for our chosen charity, Alzheimer's Research UK, the UK's leading dementia research charity, dedicated to identifying causes, diagnosis, prevention, treatment and curing of Alzheimer's
- Raised £1,294 for Breast Cancer Now, which is dedicated to supporting those affected by breast cancer and working to
- > Regular donations to local food banks
- Continued community activities alongside fundraisers to help make a difference
- > Supporting a low carbon future via the continued expansion of our smart meter offering (allowing customers to better manage their energy usage) and, whilst modest today, our Pure Green energy plan - offering 100% renewable electricity - plus our Carbon Neutral gas plan

73 GWh

OF GREEN GAS SUPPLIED TO CUSTOMERS ON CARBON **NEUTRAL GAS PLAN**



PRODUCT

SUSTAINABLE **ENERGY SOLUTIONS**

Our ambition

To support businesses on their journey to net zero, our core smart meter offering enables customers to measure and manage their energy consumption. We also offer green energy which, whilst modest today, is scalable as demand increases.



PLANET

SOCIAL AND ENVIRONMENTAL IMPROVEMENT

Our ambition

To reduce our impact on the environment, where possible, by operating responsibly and to have a positive effect on society, supporting charity initiatives and the communities in which we operate.



PEOPLE

POSITIVE PEOPLE CULTURE

Our ambition

To continue to develop a dynamic, engaging and inclusive work culture where ambition thrives and our employees feel valued and can fulfil their potential to deliver excellence in business utility supply.





36 years





£11,265

RISK MANAGEMENT

AN EFFECTIVE RISK MANAGEMENT APPROACH

Managing risk and opportunities in line with strategic goals.

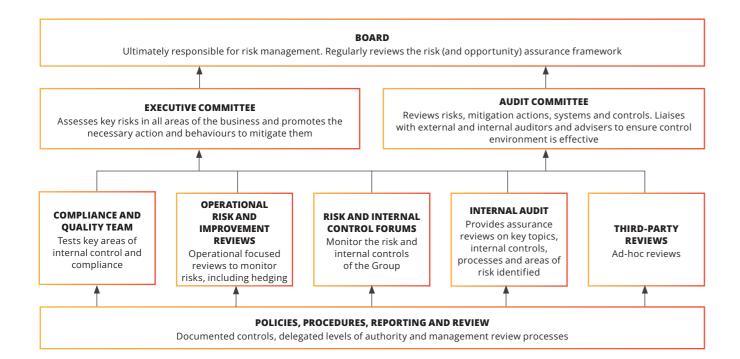
APPROACH TO RISK

the Group's risk management and internal control systems and for the monitoring and mitigation of risk (and benefiting from opportunities) in line with the Group's objectives. The Audit Committee also reviews risks on behalf of the Board and provides further oversight and risk mitigation when working with executive team members.

The key features of the Group's systems of internal control are:

> a risk and internal control improvement register is maintained by the Group Risk Manager and reviewed regularly by the Board and Audit Committee. The risks are identified and discussed by executive team members and operational managers as well as in risk reviews held by Board members;

- The Board is responsible for maintaining) an organisational structure with clear) a regular risk and internal control forum segregation of duties and control and documented, Board-approved, delegated levels of authority;
 - a strengthened internal audit assurance capability, to provide further review and support in reviewing the Group's performance and control environment;
 - > a regulatory and internal compliance team to provide oversight to ensure we meet customer expectations and comply with relevant regulation, including with the main Group regulator, Ofgem;
- takes place, chaired by the Group Risk and Internal Control Manager with the Chairman of the Audit Committee, Chief Executive Officer and Chief Financial Officer in attendance. This gives clear visibility and accountability for risk management;
- an annual assessment by the Board of any climate-related risks and opportunities, comprising a review of the potential impact on the Group achieving its strategic goals or meeting stakeholder expectations; and
- > formalised commodity hedging policies and a risk mandate that govern the Group's approach to the forward purchase of commodity contracts.



PRINCIPAL RISKS AND UNCERTAINTIES

MANAGING KEY RISKS TO OUR STRATEGIC DELIVERY

Risk assessment, being net risk after mitigating controls and actions



Key for strategy:













1. COMMODITY HEDGING AND PRICE VOLATILITY

Description

The energy commodity market has been more stable in 2024 compared to prior periods of consistent volatility. The overarching market impact has been a decrease in global market prices, creating a drop in £/MWh terms, from their all-time high seen in 2022.

There is a risk that, without operating a robust hedging policy, the Group would be significantly exposed to commodity market prices. In addition, without suitable pricing mechanisms, there is a risk that fixed term and fixed price tariffs are agreed with customers which are below the cost of energy.

Price volatility can also provide further (when assessed at financial value) risk or opportunity in balancing final customer demand with the traded position, where the difference between contracted and current market price is more material

Mitigation

The Group continues to hedge demand (based on its detailed analysis of forward consumption information) to mitigate the impact from market volatility. Customer demand is spread over multiple customers operating in a variety of sectors allowing a good diversity of risk across the portfolio, and the Group's standard terms and conditions of business provide further protection in the event of significant variances in volumes consumed by end customers.

Energy trading software and pricing information systems, with a strong and highly experienced team, create a robust environment for mitigating this risk and provide additional management control.

The Group's trading processes are well established and have successfully managed the Group's position as it has gone through bearish and bullish cycles in global commodity markets. A team of highly experienced individuals is in place, ensuring that our policy of "back-to-back" hedging, within risk limits and to the extent practicable, is adhered to.

Forward hedging contracted commodities reduces risks from commodity market volatility, and our approach is to hedge our contracted position in order to lock in margins on contracts at the point we sign new customers. This ensures that we can continue to supply with confidence regardless of how the market behaves and provides assurances that future contracted revenue will deliver profitable contracts.

The Group continues to monitor its forward hedging commitment under a detailed and Board-approved risk mandate, to mitigate its risks, to acceptable levels, to volatile commodity markets. The Group's new arrangement with Shell also provides additional hedging products, support and review in ensuring appropriate hedging positions are taken.

PRINCIPAL RISKS AND UNCERTAINTIES continued

ROBUST AND EFFICIENT HEDGING



reflective prices



- > Regular price book refreshes to reflect forward commodity market prices
- > Inclusion of premia for appropriate risks in trading and balancing



Customer demand forecasting

- > Constant updates to forecasted customer demand
- > Consider new business, industry information and portfolio trends, weather and out



Purchasing forward energy



Risk management

- > Trading of various products (Half Hourly, daily, monthly and seasonal)
- > Align trading position with customer demand to hedge risks
- > Trade only for "own use" (not speculatively)
- > Board-approved risk mandate (e.g. volume and financial risk limits)
- > Appropriate customer terms and conditions
- Sensitivities and risk modelling
- > Liquidity and credit analysis

2. TRADING AGREEMENT BREACH OR REMOVAL











Description

The new five year trading agreement with the Shell group, signed in February 2024, enables efficient access to commodity markets to implement the Group's hedging strategy and cater for the significant growth ambitions of the Group, and eliminated the need (in the normal course) to post cash collateral.

As is common for these types of arrangement, the Group has provided certain security (fixed and floating charge and share security) and commitments to Shell and is required to maintain covenants. A material breach of the agreement would have implications on the Group's ability to continue to trade were pre-agreed corrective actions not taken, including, ultimately, the enforcement of security on the main trading assets of the Group.

At expiry of the agreement, there may be a risk that similar trading agreements are not available to the Group either through Shell or other trading counterparties, and therefore different funding routes

The agreement also results in significant counterparty credit risk visa-vis Shell where commodity markets suddenly increase materially. A failure of the Shell group could, under certain market conditions, result in the Group losing the benefit of its forward trades, resulting in a reduced forward gross margin position on the Group's activities.

Mitigation

The Board selected the structure with Shell after significant market testing and negotiation to best protect the Group's interests.

The Group has various processes to monitor the position in relation to the agreement (including Board reviews and detailed cash forecasts and scenario modelling for covenant compliance) which provide the Board with confidence that the Group remains in compliance with

Contractual mechanisms protect, to the extent available, certain counterparty credit risks, and these risks have reduced based on the lower commodity market prices at the end of 2024, reflecting the fact that the Group trades with a group of Shell's scale.

This trading agreement covers a five year period, ensuring visibility as to the forward commodity hedging arrangements required to operate a robust and controlled business.

There have been no realised or forecast breaches of the trading agreement, and the Board welcomes the spirit of collaboration and support provided by a group of Shell's scale - with clearly wellaligned strategic objectives to increase the market share of the Group through growth.

Read more about our commodity trading arrangements with Shell Energy Europe Limited on page 25

3. POLITICAL AND REGULATORY INTERVENTION AND RELATIONSHIPS Strategy (Bi) (Be) (St)







The Group is a licensed gas, electricity and water supplier and meter operator, and has direct relationships with regulatory bodies.

The Group is regulated by Ofgem, Ofwat and, as a publicly listed company, the Financial Conduct Authority ("FCA"), and complies with AIM Rules for Companies and other financial regulations.

If the Group fails to maintain an effective relationship, or does not comply, with these regulatory or certifying bodies and regulations, it could be subject to fines or the removal of its respective licences or ability to operate

The energy supply industry has been under scrutiny due to high and volatile energy prices affecting the cost of living and the ability for UK businesses to absorb costs. Failures of various energy suppliers, especially in the domestic sector, have also resulted in significant costs for consumers in recent years.

Whilst the majority of regulatory change has been limited to the domestic market, Ofgem may consider changes to the regulatory environment in respect to business-to-business supply. Whilst no such changes are proposed or announced which impact the Group's operation materially, there remains a risk that political and regulatory changes may impact the Group's core business.

There are also risks that significant industry changes, such as the transition to smart meters and the introduction of mandatory Half Hourly settlement for all customers, will result in the Group having to amend certain systems and processes to comply.

Mitigation

The Group has a management team and senior staff with extensive industry experience, including an internal compliance function, focused on energy industry regulatory compliance and any ongoing regulatory communication that the Group is involved in, as well as legal and risk resources. The strong senior leadership team provides a professional and efficient interaction with Ofgem and others, ensuring the Group is prepared, in sufficient time, for any industry or regulatory change.

The Board is committed to ensuring compliance with all industry and AIM regulations and will actively seek clarification and an open dialogue channel if there is any requirement to do so.

The Group continues to comply with regulations as set out by

Systems and processes, such as supporting customers with any debt management issues, are designed to ensure customers are well treated and regulatory guidelines are met at a minimum.

The senior team engages through relevant industry bodies and directly, reflecting the Group's increasing market share and focus on the small and medium-sized business sector which is generally unrepresented in the industry.

The Board and Executive Committee also monitor forthcoming changes in industry regulation or processes, and provides appropriate resource and investment to comply with any such changes to systems or processes as a result.

4. REVENUE RECOGNITION









Description

Description

Due to the inherent nature of the utilities industry and its reliance upon estimated meter readings, for a limited number of customers who do not have automatic or smart meters, revenue includes a best estimate of energy consumption. When customers are unable to be billed for technical reasons, such as a failure in communicating to an automatic meter, a best estimate of the level of accrued income that is to be recognised also needs to be made by management.

Given the process for estimating involves several variables, there is a limited risk that the level of accrued income or revenue reported is inaccurate and not ultimately recoverable. Estimated meter reads may also lead to incorrect levels of industry costs being borne by the business, leading to an imbalance of costs and revenues.

Mitigation

Regular review and discussion at a senior level between members of management ensure that revenue recognition positions are considered. Where estimates of energy consumption are required, then these are based on external industry references. This gives comfort that the Group's revenue recognition policy is appropriate, and that accrued income is at a manageable level.

The level of accrued income held at 31 December 2024 has been reviewed against actual bills raised post the balance sheet date, to assist in ensuring accrued income is at an appropriate level.

The Group continues to focus on its meter reading performance with increased levels of smart metering penetration leading to reduced levels of estimation and a decreasing risk of error.

PRINCIPAL RISKS AND UNCERTAINTIES continued

5. CUSTOMER CREDIT AND DELAYED RECEIVABLES



There is also a risk that new customers may have a more delayed payment history, or that the Group provides extended payment terms to customers to secure new business.

This can lead to a material increase of the working capital required by the Group, and/or to financial loss where trade receivables are not recoverable from customers

Mitigation

Management mitigates risk with robust credit checks prior to and during contract terms, requiring upfront security deposits where necessary, enhancement of certain terms and conditions, agreement of payment plans to support customers, and application of appropriate credit control activities to focus on recoverability of receivables.

Strategy Bi Be

The Group also diversifies risk by providing services to multiple market segments and ensuring no single customer has a material contract for

Technical innovation is part of the Group's Digital by Default strategy. This includes the use of smart meters (including prepayment mode) which provide significant benefits to customers through detailed knowledge and budgeting of their usage, and access to better value tariffs, whilst also assisting the Group in managing risk.

The Group continues to invest in Yü Smart to enhance smart meter penetration to customers and has expanded its internal credit control and debt resolution activities to further enhance performance.

Ultimately, and in an extreme scenario, the Group may require the raising of debt or equity funding in the event of prolonged increases in customer receivable amounts due

Read more in relation to these risks in **note 21** to the financial statements

6. SMART METER ACTIVITY

The Group's strategy includes the deployment and ownership of smart meters at scale: to support small and medium-sized businesses with appropriate products, and to improve efficiency and cost benefits for the Group. The Group has a national coverage of engineers with ambitious targets to deliver continued substantial smart meter installations over the coming years.

There is a risk that meter installation targets are not met, resulting in unproductive labour and lack of additional benefits expected from the deployment. This could lead to customer dissatisfaction, reputation issues and additional costs for the Group.

There is also a risk that smart meters are invested into by the Group and do not recover through rental their long-term asset value.

Mitigation

The Group has invested in establishing a senior, experienced and driven management team to drive this strategically important capability.

Strategy Bi Be Fa

The Board has implemented a business unit structure to enable focus, whilst providing governance and common objectives on appropriate management teams to deliver the Group's objectives.

The Group is also focused on scaling activities so as to provide additional efficiencies to the operations of the activities undertaken.

Where the Group invests in smart meters, the risk is mitigated through contracts or deemed contract arrangements (as is common in the industry) with third-party suppliers, which provides rental income even $\,$ where the customer is not supplied energy by the Group.

7. DISRUPTING THE MARKET

Description

As the Group continues its evolution as a disruptor in the B2B energy space, there is an ongoing need to monitor digitalisation and new offers from competitors. The Board believes that business customers need access to 24/7, efficient digital tools with easy access to their account, from sign-up to renewal. There is a risk that the Group's disruptor position is threatened if competitors develop new technology which rival

The Group's Digital by Default strategy has committed capital expenditure and resources to deliver key strategic aims: improved customer offering, cost efficiencies and data insight. With this strategic intent, there is a risk that time, effort and money are wasted, and the programme does not deliver the expected benefits.

There is also a risk that margins on contracts are reduced as part of a more digital enabled approach to pricing and cost efficiency, including through new technology.









No change

No change

No change

Mitigation

The Group appoints significant talent and dedicates management time, focus, people, and financial investment in Digital by Default activities.

Selected partners support the Group in achieving its targets and are carefully selected to ensure alignment of values and focus.

Change management is embraced, so as to find new opportunities to deliver the Group's ambitions. There are also clear project deliverables and milestones for the Group to deploy new technology to unlock business benefits, with progress monitored by operational management, ExCo and the Board.

The Board also considers pricing and competitive advantage as integral to its digital strategy, and explores new strategies to "stay ahead" of the competition where feasible.

8. CLIMATE CHANGE

Description

Climate-related risks to the Group present themselves in various aspects of the business, both short and long term in nature.

The transition to more sustainable energy generation results in risks (and opportunities) related to market changes, such as new pricing or industry mechanics to promote green energy generation, or more regional pricing of certain distribution or transmission costs of energy.

Fluctuations in weather have a potential impact on present or future revenue and profitability, should this result in increased volatility on volume of energy consumed by customers.

Geopolitical factors and how global commodity markets react result in or tisks for fossil fuel supplies, shortages of supply, or significant volatility in prices. This can be impacted by different approaches and national policies across the world.

The risk of market, regulatory and policy changes driven by climate change may also affect the ability of the Group to execute its future strategy. Environmental, social and governance management, and reporting requirements are continually adapting with determined timelines, which the Group will be legally obligated to comply with.

There is an expected increase in focus from customers, Government and investors to commit to meaningful carbon reduction targets that will require the Group's strategy to adapt to navigate the risks and opportunities from future energy transition targets.

Mitigation







Strategy Bi Be Fa St - No change

The Group has a dynamic hedging strategy to reduce the exposure to commodity price and weather-related factors, which in turn mitigates against adverse impacts of environmental changes. Strategies are reviewed by senior management and appropriate future risk management decisions are considered by the Board.

The impact on commodity markets and hedging from various stress cases are considered, and the Group employs experienced commodity hedging experts to keep track of any geopolitical factors to consider as part of its hedging and pricing positions.

The Board considers its agility as a key strength, and notes that regulatory or social changes provide the ability for the Group to quickly flex its offering or strategy to identify new products, services or other mitigating actions required.

Timing and execution of future decarbonised heating, power and transport products and services are regularly monitored by management to ensure that the Group's strategy is aligned to set targets. Reviews are carried out at appropriate levels within the Group and include monitoring progress against our climate change targets, as well as updating for reporting requirements as required.

Whilst modest, the Group's green offerings are available today and can be scaled should the Group's customer demand increase.

Read more about sustainability on page 35

The Strategic Report on pages 1 to 41 was approved by the Board and signed on its behalf by:

PAUL RAWSON

Company Secretary

18 March 2025

Annual report and financial statements 2024



CORPORATE GOVERNANCE

Board of directors

46 Corporate governance report

Audit Committee report

Remuneration report

Directors' report

Statement of directors' responsibilities

BOARD OF DIRECTORS

AN EXPERIENCED BOARD

Ensuring our high growth strategy is delivered with appropriate governance.



ROBIN PAYNTER BRYANT Independent non-executive Chairman



BOBBY KALAR Chief Executive Officer



PAUL RAWSON Chief Financial Officer



Skills and experience

Robin has more than three decades of experience in corporate finance, with a strong background in utilities. After joining City merchant bank Hill Samuel & Co. Ltd. in 1983 to work on asset, liability and treasury risk management for utilities and large companies, he worked at financial institutions including LCF Edmond de Rothschild, Credit Lyonnais Securities, Daiwa Europe and the Industrial Bank of Japan/Mizuho Corporate Bank. With international experience across water, electricity and oil and gas, he has advised companies such as Severn Trent Water Plc, Endesa SA, Italgas SpA and Centrex European Energy & Gas AG. He has previously served as a non-executive director of Ofwat (the water services economic regulatory authority) and Prime International Investments Group Plc, and as a board member of London Merchant Bank Ltd. Robin joined Yü Group in January 2020.

Skills and experience

Bobby has a degree in electrical and electronics engineering, and started his career working as electronics engineer at Marconi PLC. In 2000, having moved to London to work for COLT Telecommunications, he headed a team installation of the congestion charge this major project, Bobby invested in the care home sector, eventually owning and running a group of four care homes. In 2013 he sold the care homes so that he could focus on the market opportunity presented by the deregulation of the energy sector. He is the sole founder of the Group.

Skills and experience

Paul has a degree in accountancy and is a qualified chartered accountant (ICAEW) with a history in financial and commercial management in high growth businesses. In 2001 he left KPMG to join the energy industry in what is now the Engie Group, of engineers involved with the bid and where he held various senior financial and general management positions. These scheme on behalf of the Mayor of London's ranged from the financial and commercial Transport for London initiative. Following aspects of a £100m investment project to generate and supply energy across the London Olympic Park to several energy related M&A transactions. Paul was latterly responsible, as divisional CEO, for energy solutions spanning the retail supply of gas and electricity to businesses, and the provision of low carbon generation, energy Software as a Service and smart building technologies. Paul joined Yü Group in September 2018.

External appointments

Robin is currently a non-executive director and deputy chairman of Unity Link Financial Services Limited, and a non-executive director of My Community Bank.

External appointments

Bobby is also a director of CPK Investments Limited

External appointments



JOHN GLASGOW Independent non-executive director



Skills and experience

John has over 40 years' experience in engineering, operations, commodity trading and IT across the energy industry. Senior roles have included head of Powergen technical audit and head of Powergen's where he was a senior audit partner energy management centre, covering energy trading and power plant portfolio optimisation, and general manager of Powergen Energy Solutions. Latterly, he was in board roles including head of strategy for the establishment of the new E.ON Energy Services business, E.ON director of new connections and metering and director of operations and asset management has advised on corporate strategy. at E.ON Central Networks. During this transactions and expansion of businesses time John was also a board member of in the UK and internationally. Tony has held the Energy Networks Association and a senior management positions at BDO as member of the DECC Energy Emergencies a member of the firm's leadership team, Executive Committee ("E3C"). Upon leaving including head of its London operations E.ON, John became managing director of Sterling Power Utilities Ltd until autumn 2013. Subsequently John has carried out a number of technical consultancy and business advisory assignments across the industry. John joined Yü Group in March 2016.

COMMITTEE KEY

A Audit Committee



Committee Chairman

Remuneration Committee

▶ Read more about the skills, diversity and contribution of each director from

BOARD SKILLS

Strategy

General management

High growth

Mergers and acquisitions

Business consulting

Digital change

Accounting and audit

Financing and capital markets

Commodity trading

Regulatory

Health and safety

Risk management

Board members are responsible for ensuring they commit to their own professional development, and can demonstrate such development and their ability to maintain and enhance their skills, as considered by the Board.

Find out more about our **Board of directors**







External appointments

Yü Group in January 2020.

Tony is also a director of D. J. Squire and Company Limited, and is non-executive director, senior independent director and chair of the audit committee of AIM listed Bango plc.

ANTHONY (TONY) PERKINS

Tony has a degree in accountancy and

is a fellow of the Institute of Chartered

Accountants in England and Wales. He left

BDO (a top five accounting firm) in 2019

for many years, having joined the firm

in 1980 and becoming a partner from

1990. He has acted for many fully listed

and AIM companies in the professional

services, natural resources, technology,

manufacturing and retail sectors. He

has extensive experience in financial,

governance and risk management. He

and national head of audit. Tony joined

Senior independent

Skills and experience

A R

non-executive director

CORPORATE GOVERNANCE REPORT

STRONG CORPORATE GOVERNANCE

Statement by the directors on compliance with the Code of best practice.

THE BOARD IS COMMITTED TO UPHOLDING THE HIGHEST STANDARDS OF CORPORATE GOVERNANCE TO ENSURE THE LONG-TERM SUSTAINABILITY AND SUCCESS OF THE GROUP

Our approach is designed to make robust and intelligent corporate governance a guarantor of long-term profitability and an engine of out-performance. We continuously review our governance practices and improve them in line with evolving best practice. This report outlines how we have applied the principles of the 2023 Quoted Companies Alliance ("QCA") Corporate Governance Code.

ROBIN PAYNTER BRYANT

Chairman

18 March 2025

governance appropriate to the Company's size and in accordance with the regulatory framework that applies to AIM companies. The Board has decided to apply and adhere to the Quoted Companies Alliance ("OCA") Code

The QCA Code takes key elements of good governance and applies them in a manner which is workable for listed, growing companies. The QCA Code is constructed around 10 broad principles which underscore a sustainable growth strategy. The Board previously decided to early-adopt the 2023 QCA Code, and further details on application of the QCA Code can be found on the Governance section of the Company website at www.yugroupplc.com.

The Board

The Group is controlled through a Board of directors which comprises an independent non-executive Chairman, two nonexecutive directors, of which one (Tony Perkins) is the senior independent director, and two executive directors. There have been no changes to the Board's composition in the year. The Chairman is Robin Paynter Bryant and the Chief Executive Officer is Bobby Kalar, the Group's founder.

All three of the non-executive Board members, being Robin Paynter Bryant, Tony Perkins and John Glasgow, were considered to be independent throughout 2024. They provide appropriate time commitment (balancing any external appointments) including at Board and Board-Committee meetings, as well as for ad-hoc reviews as required (either internally or externally).

The two executive directors are Bobby Kalar, Chief Executive Officer, and Paul Rawson, Chief Financial Officer, Bobby Kalar is also Chairman of the Executive Committee ("ExCo"), which is comprised

The Board follow best practice in corporate of experienced senior individuals who **Board composition** drive the day to day implementation of the Board-approved strategy. Paul Rawson also serves as Company Secretary.

> The Board operates both formally, through Board and Committee meetings, and informally, through regular contact among directors and members of the Executive Management Team.

There is a schedule of matters that are reserved to the Board for its decision, including, inter alia, the approval of the interim and annual financial results, • More than five years setting and monitoring of strategy and the examination of opportunities for business expansion. It is a requirement that the Board be supplied with information in a timely manner, in a form and quality appropriate to enable the discharge of its duties.

The directors can, may and do obtain independent professional advice at the Group's expense where required. They keep their skills up to date through professional development training and other formal means.

Board effectiveness

The Board and its Committees' effectiveness is considered regularly, thereby ensuring that actions from previous reviews have

The Group annually undertakes a formal internal review of the Board and its Committees, through a questionnaire and benchmarked scoring system. Topics considered as part of ongoing effectiveness reviews included, inter alia: consideration of the profile and composition of the Board (diversity, competency and knowledge); Board dynamics; methodology of the selection of appropriate topics for meetings; effectiveness and efficiency in the monitoring of both strategy and performance; and our approach to risk and opportunity management.



- Independent non-executive Chairman
- Independent non-executive directors
- Executive directors

Tenure

5

- Between three and five years

Sector experience



- Previous energy sector experience
- Partial energy and other sector experience

Following recommendations under this process in Q1 2024, the Board has continued to focus on "thematic" reviews of key strategic matters, enabling more detailed "deep-dive" reviews into various topics. It has also led to greater emphasis on strategic planning, including through detailed strategic reviews and better evidenced linkage of the strategy to the business plan. Closer engagement, mentoring and challenge with senior business unit executive leaders is planned to assist with internal succession objectives.

The most recent effectiveness review, conducted internally in O1 2025, highlighted continued high overall effectiveness. A key emphasis for the Board for 2025 is to consider the evolution of the Board and to agree appropriate succession plans.

The need for commissioned external reviews of Board performance will be considered in due course by the Board.

Board skills, diversity and contribution

The biographies of directors are included from page 44. The skills and capabilities of each director (and how these skills are maintained) are aligned to the needs of the Group in achieving its strategic goals. Whilst the directors' range of experience, expertise and skills is diverse, and the directors are from different social backgrounds, there is recognition that this relatively small team does not yet provide gender diversity. This will be considered as part of new additions to the Board in the future.

Each director contributes both formally and informally through various engagements and collectively bring varied experiences to consider all Board matters generally. Specific individual contributions during the year include:

- > Robin Paynter Bryant, as Chairman, has utilised his experience from large corporates and Ofwat to ensure governance matters are promoted by the Board, including the early adoption of the QCA 2023 Code in the prior year, and to ensure the Board operates effectively. Robin has also supported the Board through a review of the Group's position and capital structure, and supported executive directors on certain shareholder engagement and financing matters based on his City of London banking and corporate finance skills in this area;
- **)** Tony Perkins, as senior independent director, has supported senior management on further developing the Group's risk and internal controls framework. Tony has also provided mentoring and support to the Chief Financial Officer and senior accounting team on reporting matters, utilising his experience as an audit partner. Tony has also led the Board's consideration of findings identified by the Financial Reporting Council in reviewing the 2023 annual report;
- **)** John Glasgow, as non-executive director, has provided specific mentoring and support on engineering and health and safety matters based on his experience with a major engineering business. John has also supported the Chief Executive Officer and Group HR Director on the selection of certain senior positions, whilst providing insight into energy market evolution as part of the review of strategy;
- **>** Bobby Kalar, as Chief Executive Officer, continues to drive the strategic advancement of the Group to support business growth, whilst further evolving an experienced and empowered executive and senior management team. Bobby has also been key to various initiatives during the period, including growth in smart metering and debt management activities, driving new sales partnerships,

reviewing our approach to shareholder The Remuneration Committee is also engagement, and identification and arrangements; and

Paul Rawson, as Chief Financial Officer, has provided support to the Chief Executive Officer in the identification and establishment of new commodity trading arrangements and the exit of legacy arrangements. Paul has also, based on his past experience in the sector, provided commercial support to senior managers to support profitability improvement initiatives and risk management, and supported the review of capital markets, shareholder engagement and other capital market related matters.

Succession planning for directors, and wider senior management, is considered as essential. New appointments would be considered from internal talent, or for specialist skills, or where suitable candidates are not immediately available. via head-hunters. Anticipated succession timetables are reviewed and monitored by

Board Committees

The Board Committees are the Audit Committee and the Remuneration Committee. Ad-hoc committees may be appointed to deal with nominations or corporate acquisitions or such other matters as are deemed appropriate or necessary by the Board.

Audit Committee

During 2024 the Audit Committee comprised three members, all of whom are independent non-executive directors. Tony Perkins, senior independent director, is the Chairman of the Audit Committee. The other members are John Glasgow and Robin Paynter Bryant.

The Group's external auditor, along with the wider Board where appropriate, may attend Audit Committee meetings as requested by the Committee Chairman.

The Audit Committee considers the internal control, accounting and reporting of the Group, and monitors and assists in the ongoing development of the risk assurance framework of the Group.

Remuneration Committee

The Chairman of the Remuneration Committee is John Glasgow, who is an independent non-executive director. Tony Perkins and Robin Paynter Bryant are the other independent non-executive members.

The Committee meets periodically as required and is responsible for overseeing policy regarding executive remuneration. The Board as a whole is responsible for approving the remuneration packages for the Group's Executive Management Team and for the remuneration of all directors.

responsible for reviewing incentive schemes establishment of new commodity trading and for providing guidance on the packages of new appointments to the Executive Management Team. The Committee seeks external professional advice and undertakes benchmarking against external corporate peer groups.

Nominations Committee

There is currently no separate standing Nominations Committee. This will be reviewed as the Group and the Board develop over time. The appointment of new directors is considered by ad-hoc committees of the Board, with the Board approving the appropriate lead for such sub-committee depending on the position being filled. The final decision for any appointments rests with and involves the Board as a whole.

Other committees

The Board establishes other ad-hoc committees as required.

A Safety, Health, Environmental and Quality ("SHEQ") Group Strategy Committee was established to ensure appropriate strategic review and Board oversight. This Committee is further supported by monthly operational SHEQ reviews. It is chaired by the Group HR Director and includes appropriate directors and senior leaders drawn from within the Group.

In addition to the safety and health of employees and other stakeholders, the Committee also considers climate and other sustainability risks and opportunities, as well as progress towards targets.





Find out more about our corporate governance





Annual report and financial statements 2024

CORPORATE GOVERNANCE REPORT continued

Board considerations in the year

As standing agenda items, the Board considers updates from the Audit Committee and the Remuneration Committee in respect of their specific scope. The Board also reviews other information presented by the executive directors, including safety reports, monthly financial information, the M&A pipeline, progress on strategic KPIs and updates on matters raised by the Executive Management Team. Other matters reserved to the Board include investor and stakeholder engagement, the Company's positioning on the AIM market or other capital matters, the approval of corporate financing issues and the grant or exercise of options under employee share schemes.

2024 KEY MATTERS

- any conflicts
 - > Review of regulatory matters
 - > Consideration of management's short-term incentives for FY24, and final awards for FY23
 - > Review of "people" matters, including the promotion of internal talent and succession management
 - > Consideration of climate-related risks and opportunities
 - > Completion of a new commodity trading agreement with Shell, and exit of the previous arrangements
 - > Adoption of the new QCA Code (2023)
 - > Consideration of findings during the annual audit with the Audit Committee
 - > Approval of the 2023 annual report, including the recommendation of a final dividend

- > Review of Board effectiveness and consideration of **Q2** > Thematic review of: i) commodity hedging activities; and ii) digital and change plan
 - > Strategy review and business planning
 - > Preparation for the Company's annual general meeting
 - > Capital reduction process to cancel the Group's share premium account
 - > Consideration and terms of a share buy-back, including review with nominated adviser
 - > Consideration and approval of new LTIP, exercise of options, and director dealing
- Customer service and value management matters
- > Property strategy
- > Potential expansion of "white-label" offerings and related contracts
- > Consideration and approval of interim dividend
- > Review and approval of July trading update and H1 24 interim results announcement
- > Detailed review of risk assurance framework and of internal controls
- > Bid defence process review
- > Review of capital markets and position linked with strategy

- > Strategic update and business plan finalisation
- > Review of investor composition and capital market positioning
- > Consideration of review recommendations from the Financial Reporting Council, following its formal review of the 2023 annual report
- > Review and approval of delegated levels of authority and internal Group policies
- > Approval of the commodity risk hedging mandate for FY24
- > Consideration and approval of the FY24 budget and strategic KPIs
- > Property matters
- **>** Board succession and nominations planning

2025 KEY MATTERS

- **Q1** Review of Board effectiveness and consideration of any conflicts
 - > Review of regulatory matters
 - > Consideration of management's short-term incentives for FY25, and final awards for FY24
 - > Review of "people" matters, including the promotion of internal talent and succession management
 - > Continued consideration of shareholder engagement, capital markets day planning and capital market positioning
 - > Strategic developments, including in the Group's digital innovation activities
 - > Consideration of risks and opportunities
 - > Consideration of findings during the annual audit with the Audit Committee
 - > Approval of the 2024 annual report, including the recommendation of a final dividend

Risk management and internal controls

The directors are responsible for the Group's system of internal control and for reviewing its effectiveness, while the role of management is to implement Boardapproved policies on risk management and against material misstatement or loss. control. The Board gains assurance on risk and controls being effective through making appropriate enquiries and instigating reviews with and via ExCo and other key internal and external stakeholders.

The Audit Committee also reports to and considers the risk assurance framework of the Group with and on behalf of the Board as referred to on page 36.

designed to manage, rather than eliminate, the risk of failure to achieve the Group's

The Group operates a series of controls organisational structure, written policies, comprehensive annual strategic detailed monthly reporting. The annual budget is approved by the Board as part of its normal responsibilities. In addition,

The Group's system of internal control is the budget figures are regularly reexamined and re-forecast to facilitate the Board's understanding of the Group's business objectives and can only provide overall position throughout the year. In reasonable, and not absolute, assurance addition to the reporting of actual monthly results during the year, these forecasts are reported to the Board.

to meet its needs. These controls include, The Audit Committee receives reports from but are not limited to, a clearly defined management and the external auditor concerning the system of internal control which guards against material weaknesses. planning and budgeting process and Any significant risk issues are considered by



Shareholder communications and value

The Chief Executive Officer and the Chief Financial Officer regularly meet with existing shareholders and potential investors to foster a mutual understanding of objectives. Meetings with analysts and shareholders are, where appropriate, held following the announcement of results. Feedback from these meetings and market updates prepared by the Company's nominated adviser are presented to the Board to ensure that it has an understanding of shareholders' views. The Chairman and the other non-executive directors are available to shareholders to discuss strategy and governance issues, or the activities of the Board's Committees.

The directors encourage the participation of all shareholders, including private investors, at the annual general meeting. The results of the polls and proxy votes on each resolution are declared shortly after the meeting by means of an announcement on the London Stock Exchange and via the Company's website. The annual report and accounts are published on the Company's website, www.yugroupplc.com, and can be accessed by shareholders. Investors' statements are released to supplement the annual general meeting.

The Board is pleased to note the increase in share price for shareholders over the past five years. This has been substantially above the AIM index (rebased) as shown in the above chart, and the Board remains committed to driving further value over the short to medium term.

Our people and culture

The Group has a fundamental strategy of continued investment in the building of an experienced and mature team capable of scaling the Group to ever-higher, but still sustainable, levels. Such investment involves ensuring a suitable mix of industry knowledge and "larger company" experience, whilst maintaining an appropriate cultural fit to the Group's "disruptor-challenger" ethos.

The Board regularly reviews its people strategy in order to maintain high ethical standards in the workplace and to promote core values and standards throughout the business. The Board, ExCo, management and colleagues are highly focused on ensuring customer centricity via agile and timely personal performance within a working environment where innovative thinking is encouraged to reflect the Group's positioning and ethos as an important "challenger business".

The Board is pleased to report that our culture, values and people engagement activities are aligned with the Group's ambitious strategy.

questions and answers and recorded During 2024 average staff numbers increased from 295 to 472 people, reflecting significant growth of the business as well as our expansion into smart metering installation and related services.

Review of matters

The Board of directors has a forward calendar of matters requiring specific attention throughout the year and considers ad-hoc elements as required.

In addition to specific matters during the annual cycle, and ad-hoc matters requiring consideration, the Board also has a base standing agenda incorporating:

- > Board planning and administration;
- > safety reporting, including appropriate KPIs and detailed reports on any incidents or matters arising;
- updates from the Chief Financial Officer, including, inter alia: commentary on the management accounts, cash flow and covenant maintenance, reviews of financial forecasts and strategic key performance indicators;
- > updates from the Chief Executive Officer, including, inter alia: commentary on the ExCo performance and matters raised by the ExCo, feedback on ongoing strategy implementation, growth opportunities (including potential mergers or acquisition opportunities), regulatory matters and other key business matters; and
- updates from the Audit Committee (also comprising risk assurance) and the Remuneration Committee.

The Group's Audit and Remuneration Committees provide governance as noted in the following pages.

Attendance at meetings

Name	Role	Atte	ndance at meet	ing¹	
Total number of meeting	s in 2024		Board	Audit Committee	Remuneration Committee
Robin Paynter Bryant	Independent non-executive Chairman	January 2020	14 100%	3 100%	5 100%
Bobby Kalar	Chief Executive Officer	March 2016	14 100%	n/a²	n/a²
Paul Rawson	Chief Financial Officer	September 2018	14 100%	n/a²	n/a²
John Glasgow	Independent non-executive director	March 2016	14 100%	3 100%	5 100%
Tony Perkins	Independent non-executive director	January 2020	14 100%	3 100%	5 100%

- 1. A limited number of Board and sub-committee meetings have been held virtually rather than in person.
- 2. The Audit Committee and Remuneration Committee invite the executive directors and external auditor to be present where appropriate. In such cases, the invitee has been present in all cases.

AUDIT COMMITTEE REPORT

PROVIDING REVIEW AND CHALLENGE TO SUPPORT OUR STRATEGY

Effective review of financial reporting, risk management and internal control.



ANTHONY (TONY) PERKINS

Chairman of the Audit Committee

COMMITTEE MEMBERS

- **Tony Perkins**Committee Chairman
- > John Glasgow
- > Robin Paynter Bryant

ALLOCATION OF TIME

Planning (including with external auditor) and review of H1 24 and FY24 reporting, and finalisation of FY23

Review of risk management and internal control

Consideration of review recommendations from the Financial Reporting Council

150

Consideration of Group policies and risk mandates

159

Consideration and development of Committee activities

5%

Membership and scope of the Audit Committee

Throughout 2024 the Audit Committee comprised three members (who are all non-executive directors), being Tony Perkins, as Chairman of the Committee, John Glasgow and Robin Paynter Bryant. Tony, who is a fellow of the Institute of Chartered Accountants in England and Wales, worked at BDO LLP from 1980 to 2019 and was an audit partner for 30 years, and has recently been appointed as senior independent director and audit committee chair of Bango plc. All Committee members are considered independent. The Group's external auditor, along with the wider Board where appropriate, may attend Committee meetings as requested by the Committee Chairman.

The Committee has responsibility for, among other things, the monitoring of the financial integrity of the financial statements of the Group and the involvement of the Group's auditor in that process. It particularly focuses on the review of and compliance with accounting policies, together with ensuring that an effective system of audit and financial control is maintained. It also reviews risks and opportunities, ensures appropriate policies and controls to mitigate risks are in place and reviews the key risk matters to support Board decisions.

The ultimate responsibility for reviewing and approving the annual report and financial statements and the interim reports remains with the Board.

The Committee meets at least twice a year at the appropriate times in the financial reporting and audit cycle, and at such other times as may be deemed necessary.

The terms of reference of the Audit Committee cover such issues as membership and the frequency of meetings, together with requirements of any quorum for, and the right to attend, such meetings. The responsibilities of the Committee are covered in the terms of reference, and include external audit engagement and interaction, financial reporting, internal control review and risk management. The terms of reference also set out the authority of the Committee to carry out its responsibilities.

Any non-audit services that are to be provided by the external auditor are reviewed to safeguard auditor objectivity and independence. The external auditor has the opportunity during the Audit Committee meetings to meet privately with Committee members in the absence of executive management.

The Committee is responsible for reviewing the Company's procedures for the identification, assessment, management and reporting of risks.

The Company has a whistleblowing policy through which staff may notify management or non-executive directors of any concerns regarding suspected wrongdoing or dangers at work.

The Audit Committee Chairman also interacts with the Group's internal risk function, and other senior managers, as required.

THE AUDIT COMMITTEE
REMAINED FOCUSED ON
SUPPORTING REVIEW
AND CONSIDERATION OF
RISKS THAT COULD IMPACT
THE GROUP'S STRATEGIC
OBJECTIVES."

Review

The Audit Committee met three times during 2024 (2023: three meetings). In addition, the Chairman of the Committee provided an update to each Board meeting on any audit, risk and other governance matters worthy of consideration.

The Committee Chairman, along with other Committee members, also joined internal control and risk forums organised by members of the Group's executive management, and held ad-hoc discussions with senior management as appropriate and required.

The Committee performed a review of the Group interim accounts and annual report and liaised with the Group's external auditor in the period.

The external auditor provided no non-audit services during 2024 or to the date of this report, and the Audit Committee is satisfied that the auditor is suitably independent. The Audit Committee also reviewed, and confirmed its assessment, that the auditor is highly and appropriately experienced, both in the energy sector and in high growth listed companies, providing comfort for a high quality and effective audit.

The Audit Committee considered, and the wider Board and the external auditor the review recommendations made following the Financial Reporting Council's ("FRC") review of the 2023 annual report. In particular, the Audit Committee, as with the Board as a whole, undertook to consider the recommendations made by the FRC in the 2023 report in this 2024 annual report. The Chairman of the Audit Committee was pleased, as were members of the Board, to note the FRC's detailed review had provided a limited number of matters for consideration to further improve the Group's reporting. It was also pleasing that such matters were not sufficiently material to require any detailed further review and correspondence with the FRC for the 2023 annual report.

A further key activity of the Audit Committee for 2024 related to the continued ongoing review of risk management and internal controls, building on the implementation of Risk and Control Matrix reviews in 2023. In particular, the Audit Committee considered risks and opportunities in relation to implementing the Group's strategy and business plan.

The Committee reviewed the Group's principal risks and uncertainties including those summarised from page 37.

The consideration of risks and uncertainties reflect commodity hedging arrangements, and the Audit Committee supported the Board in considering the new five year commodity hedging arrangements entered into with Shell in February 2024. The members of the Audit Committee also considered the positive benefits from the new trading agreement with Shell including the benefits to cash flow and the sensitivities considered as part of the annual report going concern review by the Board.

The risks related to strategy in smart metering growth and in customer lifecycle management were also reviewed by the members of the Audit Committee.

Interms of the FY24 financial statements and H1 24 interim results, the Audit Committee reviewed various disclosures and reports, including the matters identified in the FRC's recommendations and the approach to cost accruals, revenue recognition, bad debt provisioning and tax reporting. The Committee also reviewed accounting policies to ensure all are relevant and up to date along with early consideration of the upcoming IFRS 18 in relation to presentation and disclosure in financial statements. There was also consideration of reporting of alternative performance measures, including the treatment, change and disclosure of adjusted EBITDA.

After liaison with management, discussion with the Committee considered, and discussed with the Chief Financial Officer, the wider Board and the external auditor the review recommendations made following the Financial Reporting Council's

After liaison with management, discussion with the external auditor, and enquiries by the Committee, the Audit Committee concluded that the relevant disclosures, estimates and treatments had been appropriately made.

TONY PERKINS

Chairman of the Audit Committee 18 March 2025

KEY REVIEW MATTER: THE FINANCIAL REPORTING COUNCIL ("FRC") REVIEW OF THE 2023 ANNUAL REPORT

During the year the Audit Committee was notified, as was the Board, by the FRC that a review of the Company's annual report and accounts for the year ended 31 December 2023 had been undertaken in accordance with the FRC's reporting review standard operating procedures.

The FRC's review is limited and provides no specific wider assurance to shareholders or others, and does not verify the information provided.

The FRC confirmed it was pleased that, based on its review, no further questions or queries were applicable at that time and that no further action was necessary in respect of the 2023 results.

As part of the review, the FRC did provide a limited number of matters for further review and consideration. The wider Board, the Audit Committee and the external auditor have been pleased to consider these matters in the 2024 annual report to provide continual improvement to the quality of corporate reporting provided by the Group.

The Chairman of the Audit Committee was also pleased to note that the thorough and detailed process to prepare and review the 2023 annual report performed by management, and supplemented by review by the external auditor and the Audit Committee, had led to a positive and constructive review being provided by the FRC.

50

REMUNERATION REPORT

PROVIDING A LINK BETWEEN REWARD AND STRATEGIC PRIORITIES

The Remuneration Committee links reward to shareholder value and performance.



JOHN GLASGOW

Chairman of the Remuneration Committee

COMMITTEE MEMBERS

- John Glasgow Committee Chairman
- Nobin Paynter Bryant
- Tony Perkins

ALLOCATION OF TIME

Review of key management personnel remuneration including attraction and retention risks with reference to market

Consideration of short-term award schemes

Consideration of LTIP related matters

Setting of remuneration levels for **Executive Committee appointments**

Review of the effectiveness of the **Remuneration Committee**

As an AIM listed company, Yü Group PLC is Remuneration policy not required to comply with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. The content of this report is unaudited unless stated.

Membership of the **Remuneration Committee**

John Glasgow, independent non-executive director, is Chairman of the Remuneration independent non-executive directors, being senior independent director, Tony Perkins, and Chairman of the Board, Robin Paynter Bryant.

The Remuneration Committee sets targets for Board executive directors and reviews their performance. It makes recommendations to the Board on ranges of packages to offer to the Executive adviser and other stakeholders. Management Team and recommends to the Board the terms and conditions offered Non-executive directors to senior appointments to the Group's management team. The Committee also engages professional consultants from time to time to provide external benchmarking and to keep updated on best practice, and, as appropriate, the Chairman of the Committee interacts with key stakeholders including the Group's nominated adviser.

The Remuneration Committee met five times in 2024 (2023: two meetings). In addition, the Chairman of the Committee regularly updated the Board on any remuneration related matters.

The objectives of the remuneration policy are to enable the Company to attract, retain and motivate high quality executives across its Board executive directors and senior team, while encouraging the executive and senior managers to operate within the risk parameters set by the Board. In turn it aims to ensure that the overall remuneration is aligned with the short, medium and long-term performance of the Group Committee. He is joined by two further and preserves an appropriate balance of remuneration and shareholder value. The policy also considers environmental, social and governance ("ESG") matters (in relation to ensuring a clear focus), and how they link to the success of the Group's strategic objectives.

The policy for executive director remuneration is based on an external matters relating to remuneration, terms benchmarking exercise against peer of service, granting of share options and companies and, as appropriate, after other equity incentives. It also approves dialogue with the Group's nominated

Remuneration of the non-executive directors is determined by the Board as a whole after considering any potential conflicts of interest. Non-executive directors are not entitled to pensions, annual bonuses or employee benefits.

The annual fee payable for each non-executive director from 1 January 2025

- Robin Paynter Bryant £85,000;
- > Tony Perkins £66,000; and
- **)** John Glasgow £66,000.

Their appointment may be terminated with three months' written notice at any time.

Directors' remuneration (audited)

The normal remuneration arrangements for executive directors consist of basic salary, employer contributions to defined contribution pensions, life insurance, annual performance related bonuses and participation in the Long Term Incentive Plan ("LTIP") and the Group's Save As You Earn ("SAYE") scheme. The Group also operates a salary sacrifice scheme for vehicles, although neither executive director currently participates.

There was no change to the general remuneration policy adopted in 2024 from the previous year.

In respect of the year ended 31 December 2024, bonuses were payable to the executive directors based on agreed objectives related to profitability, growth, the delivery of new commodity trading arrangements and the development of the smart meter business, whilst ensuring appropriate governance and personal performance. A similar scheme also applied to bonuses paid in respect of the year ended 31 December 2023.

The service agreement of the Chief Executive Officer and that of the Chief Financial Officer can both be terminated by either party giving at least 12 months' written notice.

Directors' interests

Details of the directors' shareholdings are included in the Directors' Report on page 55.

Directors' share options (audited)

Aggregate emoluments disclosed in the directors' remuneration table do not include any amounts for the value of options to acquire ordinary shares in the Company granted to, exercised or held by the directors.

Details of options for directors who served during the year and to the date of this report are as follows:

	Number of options at 31 Dec 2024 and the date of this report	Weighted average exercise price at 31 Dec 2024 and the date of this report	Number of options at 31 Dec 2023	Weighted average exercise price at 31 Dec 2023
Executive directors				
Bobby Kalar	567,062	£0.92	567,062	£0.92
Paul Rawson	194,894	£0.10	316,359	£0.24

Of the share options outstanding to executive directors at 31 December 2024:

- > 309,168 shares for Bobby Kalar accrued under previous share schemes, performance share plans and the 2019 SAYE scheme. Such share options have fully vested, and have a weighted average exercise price of £1.62 per share;
- > 250,000 for Bobby Kalar and 187,000 for Paul Rawson were conditional on achieving certain performance targets linked to the Group's profitability, which have been achieved. Such performance share options are at an exercise price of the par value, being £0.005 per share, and are expected to fully vest in March 2026; and
- > 7,894 for each of Bobby Kalar and Paul Rawson are granted under the Group's 2022 SAYE scheme, at an exercise price of £2.28 per share, and are due to vest in January 2026.

During the year ended 31 December 2024, the executive directors were not granted any new options.

Bobby Kalar did not exercise any options during the period. Paul Rawson exercised 121,465 options on 17 May 2024 at a weighted average exercise price of £0.47 per share with a market value at the date of exercise of £17.27 per share.

No non-executive director holds share options in the Company.

Directors' remuneration (audited)

£′000	Salary/fees	Bonus ¹	Other benefits	Employer pension contributions	Total 2024	Salary/fees	Bonus	Other benefits	Employer pension contributions	Total 2023
Executive										
Bobby Kalar (CEO)	396	300	_	10	706	330	670	_	10	1,010
Paul Rawson (CFO)	274	208	_	8	490	238	405	_	7	650
Non-executive	2									
Robin Paynter										
Bryant	73	_	_	_	73	58	_	_	_	58
Tony Perkins	56	_	_	_	56	45	_	_	_	45
John Glasgow	56	_	_	_	56	45	_	_	_	45
	855	508	_	18	1,381	716	1,075	_	17	1,808

1. The bonus amounts for Bobby Kalar and Paul Rawson in relation to the period ended 31 December 2024 are payable in H1 25.

REMUNERATION REPORT continued

Future policy towards directors' remuneration

The policy adopted for the remuneration of directors for 2025 is expected to remain consistent (in relation to the costs to the Group) with 2024, though will remain under review and will be adapted to ensure the Group meets its strategic objectives.

The remuneration of executive directors comprises the following elements:

Component	Details
Salary and benefits	The salary of executive directors is reviewed on or around 1 January each year, after considering inflation, external benchmarking analysis, and a review of the directors' performance.
	The salary of executive directors (and other senior leaders and colleagues) is set to attract and retain talent in key areas of the Group's activities, whilst ensuring sufficient remuneration potential is weighted towards achievement of short-term and long-term performance objectives.
	Benefits in relation to executive directors are consistent with other employees, comprising employer pension contributions and life insurance. The executive directors are also authorised to participate in the SAYE scheme, which is open to all employees.
Bonus	Bonuses for executive directors, as for all colleagues, are based on performance against key performance indicators personal to them. For executive directors, these indicators relate to Group profits, being a key driver, and the growth of the Group in energy supply and smart metering activities, and key other strategic targets. The bonus award also considers matters to ensure good health and safety and cash management, whilst promoting strong corporate governance, sustainability, leadership and customer service values.
	The bonus is sized such as to incentivise performance to match achievement of the Group's strategic objectives, which is expected to link through to increased shareholder value, by enabling a percentage of salary to be achieved based on achieving or exceeding annual financial targets.
	Depending on performance, the bonus awarded to executive directors is expected to out-turn in the range of 0% to 100% of salary, though this could be exceeded for exceptional performance. Deferral of bonus above 100% of salary is considered by the Committee based on the relevant circumstances of such performance.
Long Term Incentive Plan	Executive directors, alongside a small number of non-Board senior leaders, can participate in the Group's performance related LTIP scheme.
	This LTIP provides a link between performance objectives to drive shareholder value over the medium term, whilst supporting talent retention.
	A new LTIP award is due for release after publication of the annual report FY24, in line with the usual scheme rules, which include stretch targets, and malus and clawback provisions. Further LTIP awards will be considered based on Group succession planning and the promotion of talent, as well as in the normal course of the reward cycle.
	The Remuneration Committee will also consider the level of appropriate performance conditions aligned to new and existing LTIPs, to recommend to the Board the amount and structure of such awards as relevant.

JOHN GLASGOW

Chairman of the Remuneration Committee

18 March 2025

DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2024 ("FY24").

Strategic Report

The Group has chosen, in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, to set out in the Group's Strategic Report certain information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the Directors' Report. Such information is included in the review of the business on the inside front cover of this report, our business model (from page 14) and strategy (from pages 2 to 9), the review of performance in the Chairman's Statement, Chief Executive Officer's Statement and Finance Review from pages 12, 18 and 22 respectively, the risks and uncertainties from page 37, and the going concern accounting policy in note 1 to the financial statements.

\$172 and stakeholder engagement statement

The s172 and stakeholder engagement statement can be found on page 33.

Registered office

The registered office of Yü Group PLC (registered in England and Wales no. 10004236) is CPK House, 2 Horizon Place, Nottingham Business Park, Mellors Way, Nottingham NG8 6PY.

Dividends

The Board proposes the payment of a final dividend of 41p per share in respect of FY24 (2023: 37p per share). An interim dividend for 2024 of 19p per share was paid (2023: 3p).

Directors

The directors of the Group during the year and up to the date of signing the financial statements were:

> Robin Paynter Bryant
> John Glasgow Bobby Kalar Tony Perkins Paul Rawson

The Company maintains directors' and officers' liability insurance. This insurance cover has been established for all directors to provide appropriate cover for their reasonable actions on behalf of the Group. This was in force during the year ended 31 December 2024 and at the date of this report.

Significant shareholders

The Company is informed that, at 31 December 2024 (and the directors are not aware of any material change to the date of this report), individual registered shareholdings of more than 3% of the Company's issued share capital were as follows:

	Number of ordinary shares held	% of issued ordinary share capital
Bobby Kalar	8,665,506	51.6%
Jamieson Principal Pension Fund	1,121,339	6.7%
Premier Miton Group	850,134	5.1%
Jonathan Turner	528,676	3.1%

Directors' shareholdings

The beneficial interests of the directors in the share capital of the Company at 31 December 2024 were as follows:

	Number of ordinary shares held	% of issued ordinary share capital
Executive directors		
Bobby Kalar	8,665,506	51.6%
Paul Rawson	92,823	0.6%
Non-executive directors		
John Glasgow	13,811	0.1%
Robin Paynter Bryant	_	_
Tony Perkins	15,500	0.1%

Post-balance sheet events

The financial statements include, in note 28, details of post-balance sheet events.

DIRECTORS' REPORT continued

Employees

The Group's executive management regularly delivers briefings on the Group's strategy and performance. The Group remains committed to fair treatment of people with disabilities in relation to job applications, training, promotion and career development. Every effort is made to find alternative jobs for those who are unable to continue in their existing job due to disability.

The Group takes a positive approach to equality and diversity. The Group promotes equality in the application of reward policies and employment and development opportunities and aims to support employees in balancing work and personal lifestyles.

Members of the Board and the Executive Committee, together with senior and line management teams, hold regular briefings and engagement activities with employees. Representations from employees are considered in decision making, and the annual employee engagement survey is utilised for benchmarking of performance against peers, and to identify areas of focus. The Group's engagement with employees,

and how the Group supports employee Supplier payment policy and practice health and wellbeing, promotion of diversity $and\,encouragement\,and\,training\,of\,key\,talent$ and all colleagues, is as further detailed in the Strategic Report from page 34.

Annual general meeting

The annual general meeting of the Company is to be held on 22 May 2025 at 13.00 at the offices of Panmure Liberum Capital Limited, Ropemaker Place, 25 Ropemaker Street, London EC2Y 9LY. The notice of **Carbon and energy reporting** meeting will be issued to shareholders on or around 2 April 2025.

Financial instruments

Details of how the Group manages its risk in relation to use of financial financial statements

Political and charitable donations

During the year ended 31 December 2024 the Group made political donations of £nil (2023: £nil) and raised donations for charity totalling £12,559 (2023: £19,600).

The Group does not operate a standard code in respect of payments to suppliers. The Group agrees terms of payment with suppliers at the start of business and then makes payments in accordance with contractual and other legal obligations. The number of creditor days outstanding at 31 December 2024 was seven days (2023: six days).

The Group recognises that its business operations have an environmental impact and we are committed to monitoring and where possible reducing our emissions each year. The Group also provides smart meters, which are core to customers instruments are included in note 21 to the managing their energy consumption by being able to monitor their usage. In addition, the Group also provides green energy as part of its operations, providing low or zero carbon electricity and gas to a number of customers, though this remains a relatively modest activity, currently, of the Group.

The directors are also aware of their reporting obligations under the Companies Act 2006, as below:

UK operations	2024	2023
Energy consumption used to calculate emissions (kWh)	2,051,415	1,349,326
Emissions from direct sources (tCO ₂ e) (Scope 1)	_	_
Emissions from energy purchased for own use (tCO ₂ e) (Scope 2)	478	315
Emissions from indirect sources such as business travel (tCO ₂ e) (Scope 3)	_	_
Intensity ratio (tCO ₂ e/employee)	1.0	1.1

The above information has been calculated in line with the Climate Disclosure Standard Board's approved methodology. All of our operations are UK based.

Energy consumption within the Group and in turn factor into the increased Statement of disclosure of continues to increase year on year in line emissions disclosures above. Generally, with the expansion of Group operations, such engineers are installing smart energy and in particular the emissions from meters, which allows end customers to travelling to customer sites as part of the monitor and, where applicable, manage Group's smart metering activities. This and reduce their energy consumption. represents the fuel and mileage to deliver a mobile engineering service, as part of our disclosed carbon emissions beyond the largely legacy operations which were office based.

The emissions from day to day office business activity have not moved significantly from prior years, maintaining the same operations from the same premises throughout the year.

The continued expansion of the Smart business unit of the Group is the key driver of increased emissions in the year. Average engineer numbers have increased from 32 in FY23 to 84 in the current year, requiring the continued use of the van fleet to service our customers around the country,

efficiency of the Group outside of such sharing, and the promotion of EV charge that information. points at the Group's offices.

The Board's targets reflect an increase in emissions due to increased scope of engineering services and increased fuel usage for Company vans.

Further information on the Group's sustainability strategy is included on page 35.

information to auditor

As at the date this report was signed, so far as each of the directors is aware, there is no relevant information of which the auditor is unaware and each director has taken Measures taken to increase the energy all steps that he ought to have taken as a director in order to make himself aware smart metering activities, which increases travel remain, including an employee of any relevant audit information and electric car scheme, incentives for car to establish that the auditor is aware of

In accordance with section 489 of the Companies Act, a resolution for the reappointment of RSM UK Audit LLP as auditor of the Company is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

PAUL RAWSON

Company Secretary

18 March 2025

STATEMENT OF DIRECTORS' RESPONSIBILITIES

In respect of the annual report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. The directors have elected under company law and are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with UK-adopted International Accounting Standards and have elected under company law to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The Group financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position and performance of the Group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

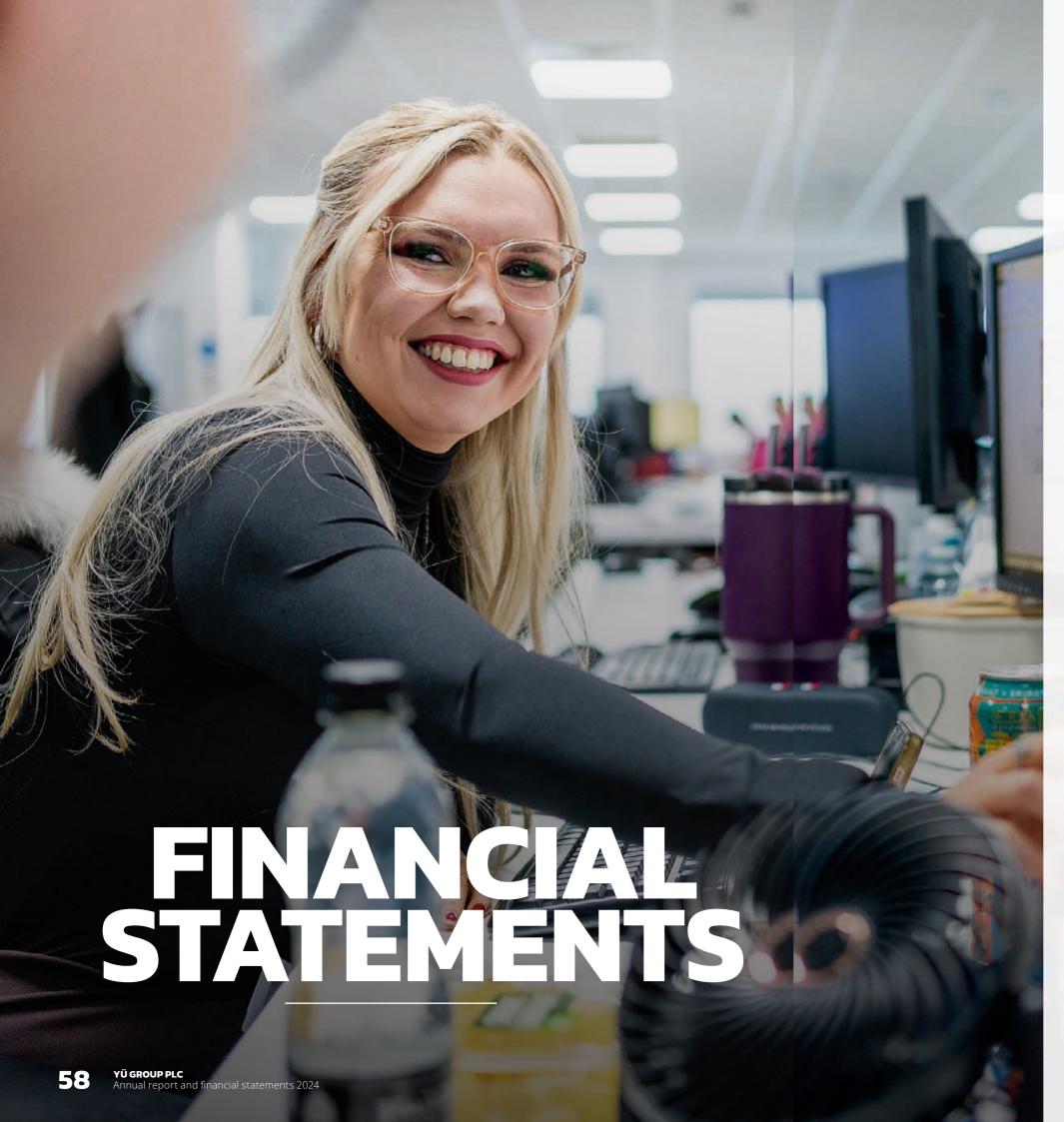
In preparing each of the Group and Company financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. for the Group financial statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards and for the Company financial statements state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Company financial statements; and
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

 $The {\it directors} \, are \, responsible for the \, maintenance \, and \, integrity \, of the \, corporate \, and \, financial \, information \, included \, on \, the \, Y\"u \, Group \, website.$

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



FINANCIAL **STATEMENTS**

Independent auditor's report

Consolidated statement of profit and loss and other comprehensive income

Consolidated and Company balance sheet

Consolidated statement of changes in equity

Company statement of changes in equity

Consolidated statement of cash flows

Notes to the consolidated financial statements

Company information

INDEPENDENT AUDITOR'S REPORT

To the members of Yü Group PLC

Opinion

We have audited the financial statements of Yü Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2024 which comprise the consolidated statement of profit and loss and other comprehensive income, consolidated and company balance sheets, consolidated and company statements of changes in equity, consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2024 and of the group's profit for the year then ended:
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- > the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit
matters
Revenue recognition
Valuation of trade receivables
Parent Company
No parent company key audit matters

Materiality
Croup

Materiality Grou

Overall materiality: £2,240,000 (2023: £1,950,000) Performance materiality: £1,680,000 (2023: £1,460,000)

Parent Company

Overall materiality: £1,090,000 (2023: £629,000) Performance materiality: £817,000 (2023: £471,000)

Scope

Our full scope audit procedures covered 100% of revenue, 96% of total assets and 98% of profit before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the group and parent company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Key audit matter description

Refer to accounting policy on page 71 regarding revenue.

Appropriate and accurate income recognition is required to be applied by the Directors to ensure that revenue is accrued and recognised appropriately in the financial statements. Revenues are based on the energy supplied to customers using estimates and meter readings. Where real time meter information is not available, assumptions are made to estimate the volumes of energy consumed by customers. Actual and expected usage information, together with the contractual rates are used to accrue revenue which is then billed to customers. There is a risk that revenue and accrued income is recognised inappropriately.

How the matter was addressed in the audit

We performed the following procedures:

- > Evaluated the appropriateness of the recognition policy and associated estimates as disclosed in note 1 with reference to the requirements of IFRS 15;
- Utilised data analytics to reconcile reported revenue in the year to the underlying data in the customer billing system including cash receipts and the amounts billed to customers and the movements in trade receivables and accrued income. We obtained explanations for any reconciling items and tested these substantively on a sample basis;
- > Performed cut off testing in respect of income accrued at the year end and compared to subsequent billing (including billing adjustments) and cash receipts to assess valuation and recoverability; and
- > Assessed the adequacy of the Group's disclosures in relation to revenue recognition.

Valuation of trade receivables

Key audit matter description

Refer to accounting policy on page 70 regarding trade and other receivables and note 21 which considers expected credit risk.

The group has a significant number of customers. The recoverability of trade receivables on customer contracts can be impacted by the customer's creditworthiness, the ageing of the debt and whether the contract has been terminated.

Management's assessment of the recoverability and expected credit loss for trade receivables with their customers is inherently judgemental. There is a risk that the net trade receivables will be recovered at amounts materially different to the value recognised.

How the matter was addressed in the audit

We performed the following procedures:

- Assessed the appropriateness of the methodology utilised by management to calculate the expected credit loss provision with reference to the requirements of IFRS 9;
- Independently profiled the Group's customers using external data to identify those accounts with a potentially elevated credit risk;
- > Retrospectively assessed the prior year provision with reference to the amount of cash ultimately recovered to assess the reliability of management's process to estimate the expected credit loss provision;
- Utilised a combination of the historic cash collection profile and the cash collected post year end to estimate the total expected amount to be recovered in respect of the current year and compared this to the net trade receivables balance to identify any potentially unprovided exposure; and
- > Assessed the adequacy of the Group's trade and other receivables accounting policy disclosed in note 1 and note 22 which refers to credit risk.

INDEPENDENT AUDITOR'S REPORT continued

To the members of Yü Group PLC

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent company
Overall materiality	£2,240,000 (2023: £1,950,000)	£1,090,000 (2023: £629,000)
Basis for determining overall materiality	5% of Profit before tax	2% of Total assets
Rationale for benchmark applied	This is considered the focus for large and established listed businesses.	Total assets was chosen as the entity is a non-trading holding company.
Performance materiality	£1,680,000 (2023: £1,460,000)	£817,000 (2023: £471,000)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £112,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £54,500 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The group consists of 8 components, all of which are based in the UK.

The coverage achieved by our audit procedures was:



Full scope audits were performed for 3 components, with the remaining components subject to risk assessment procedures and specific audit procedures where deemed necessary based on this risk assessment.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- > Understanding how the cashflow forecasts for the going concern period had been prepared and the assumptions adopted
- > Obtaining management's going concern model, which includes details of facilities available, and testing its clerical accuracy;
- > Comparing management's historical forecasts to actual results to determine whether forecast cash flows are reliable based on past experience;
- > Assessing the reasonableness of the assumptions used in the forecasts with reference to the committed customer contract book and actual historical margins;
- > Performing reverse stress testing on the going concern model by understanding what reduction in trading would be required (after taking into account mitigating actions) before the covenants in the counterparty trading agreement are breached and assessing the likelihood of this scenario, given covenants would be breached prior to liquidity being exhausted; and
- > Assessing the going concern disclosures in the financial statements to ensure they are in accordance with UK-adopted International Accounting Standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, statements that are free from material misstatement, whether due we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the **Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- > the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
-) the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- > adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- > the parent company financial statements are not in agreement with the accounting records and returns; or
- > certain disclosures of directors' remuneration specified by law
-) we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 57, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group material misstatements, we are required to determine whether this or the parent company or to cease operations, or have no realistic alternative but to do so

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

INDEPENDENT AUDITOR'S REPORT continued

To the members of Yü Group PLC

The extent to which the audit was considered capable of detecting irregularities, including fraud continued

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- > obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operates in and how the group and parent company are complying with the legal and override of regulatory frameworks;
-) inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
-) discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

The most significant laws and regulations were determined as follows:

Legislation/ regulation	Additional audit procedures performed by the audit engagement team included:				
UK-adopted IAS, FRS101	Review of the financial statement disclosures and testing to supporting documentation;				
and Companies Act 2006	Completion of disclosure checklists to identify areas of non-compliance				
Tax compliance regulations	Review of information submitted to HMRC for consistency with other financial information reported.				
Ofgem regulation	Inquiries of management and those charged with governance as to any instances of non-compliance.				

The areas that we identified as being susceptible to material misstatement due to fraud were:

	Risk	Audit procedures performed by the audit engagement team:						
	Revenue recognition	See key audit matters above.						
		We identified journals which exhibited higher characteristics of risk for testing using data						

controls

analytics software.

Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and

Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

ANDREW WILLIAMS (SENIOR STATUTORY AUDITOR)

For and on behalf of RSM UK Audit LLP, Statutory Auditor **Chartered Accountants** 103 Colmore Row Birmingham **B33AG** 18 March 2025

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

		31 December 2024	31 December
	Notes	£'000	£'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 AND COMPANY BALANCE SHEET

At 31 December 2024

		Group		Company	
	Notes	31 December 2024 £'000	31 December 2023 £'000	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	_	3,139
Right-of-use assets	13	1,844	1,676	107	134
Deferred tax assets	15	2,842	1,969	_	1,470
Trade and other receivables	17	11,786	5,231	11,413	3,297
Investment in subsidiaries	14	_	_	50	_
		31,783	16,050	11,570	8,040
Current assets					
Inventory	16	369	546	_	_
Trade and other receivables	17	97,115	127,222	1,132	26,479
Cash and cash equivalents	18	85,204	32,477	42,845	7
		182,688	160,245	43,977	26,486
Total assets		214,471	176,295	55,547	34,526
LIABILITIES					
Current liabilities					
Trade and other payables	19	(133,664)	(123,845)	(1,953)	(185)
Corporation tax payable	9	(2,546)	(4,016)	(440)	_
Borrowings	20	(222)	(3)	_	_
		(136,432)	(127,864)	(2,393)	(185)
Non-current liabilities					
Trade and other payables	19	(2,970)	(1,281)	(15,645)	(80)
Borrowings	20	(4,745)	(352)	_	_
		(7,715)	(1,633)	(15,645)	(80)
Total liabilities		(144,147)	(129,497)	(18,038)	(265)
Net assets		70,324	46,798	37,509	34,261
EQUITY					
Share capital	22	85	84	85	84
Share premium	22	-	11,909	_	11,909
Merger reserve	22	-	(50)	_	(50)
Retained earnings	22	70,239	34,855	37,424	22,318
		70,324	46,798	37,509	34,261

The Company is taking advantage of the exemption in section 408 of the Companies Act 2006 not to present its individual statement of comprehensive income and related notes. The Company generated a profit of £16,728,000 for the year (2023: £15,606,000).

The financial statements on pages 65 to 99 were approved by the Board of directors on 18 March 2025 and signed on its behalf by:

Chief Executive Officer

PAUL RAWSON

Chief Financial Officer

Company number 10004236.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITYFor 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

COMPANY STATEMENT OF CHANGES IN EQUITYFor 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)	22,318	34,261
Total comprehensive income for the year					
Profit for the year	_	_	_	16,728	16,728
Other comprehensive income	_	_	_	_	
	_	_	_	16,728	16,728
Transactions with owners of the Company					
Contributions and distributions					
Equity-settled share-based payments	_	_	_	958	958
Deferred tax on share-based payments	_	_	_	(1,470)	(1,470)
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	(1,622)	(13,480)
Balance at 31 December 2024	85	_	_	37,424	37,509
Balance at 1 January 2023	83	11,785	(50)	5,698	17,516
Total comprehensive income for the year					
Profit for the year	_	_	_	15,606	15,606
Other comprehensive income	_	_	_	_	_
	_	_	_	15,606	15,606
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)	22,318	34,261

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	31 December 2024 £'000	31 December 2023 £'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

1. Significant accounting policies

The consolidated financial statements of the Group for the year ended 31 December 2024 were approved and authorised for issue in accordance with a resolution of the directors on 18 March 2025. 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.

Basis of preparation

The consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards. The Company has elected to prepare its parent company financial statements in accordance with UK accounting standards (UK Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

The following exemptions from the requirements of IFRS have been applied in the preparation of the parent company financial statements and, where relevant, equivalent disclosures have been made in the Group accounts, in accordance with FRS 101:

- > presentation of a cash flow statement and related notes;
-) disclosures in respect of transactions with the parent or wholly owned subsidiaries;
- > IFRS 7 "Financial Instruments: Disclosures";
- > disclosures in respect of capital management;
- > disclosures in respect of key management personnel;
- > comparative period reconciliations for share capital; and
-) disclosure of the future impact of new IFRS in issue but not yet effective at the reporting date.

The 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 (including those set out in the Strategic Report) 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.

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 the 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.

1. Significant accounting policies continued

Going concern continued

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.

1. Significant accounting policies continued

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.

1. Significant accounting policies continued

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
 > Plant and machinery
 - 5 years
 > Installed smart meter assets
 - 15 years

Assets under construction – Not depreciated

Computer equipment - 3 yearsFixtures 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.

YÜ GROUP PLC
Annual report and financial statements 2024
Annual report and financial statements 2024

1. Significant accounting policies continued

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.

1. Significant accounting policies continued

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.

1. Significant accounting policies continued

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 \pm 1.1% would impact revenue and accrued income by \pm 424,000 (2023: \pm 293,000), with an approximate \pm 362,000 (2023: \pm 240,000) corresponding adjustment to cost of sales and accruals. The impact on gross profit for each \pm 1.1% of estimated consumption is therefore \pm 62,000 (2023: \pm 53,000).

1. Significant accounting policies continued

Significant judgements and estimates continued

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 \pm 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.

YÜ GROUP PLC
Annual report and financial statements 2024
Annual report and financial statements 2024

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.

Metering Intra-segment

2024	Retail £'000	Smart £'000	assets £'000	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	(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 (note 7)	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	(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 £'000	2023 £'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)

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

6. Staff numbers and costs

Total finance costs

Net finance income

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

	024 ber	2023 Number
Administration	84	32
	41	27
	347	236
	172	295

(641)

3,553

(105)

1,617

6. Staff numbers and costs continued

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
	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.

7. Alternative Performance Measures continued

Adjusted EBITDA continued

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

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

- 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.

Effect of shares issued in the year Effect of purchase of treasury shares (146,861) Number of ordinary shares for basic earnings per share calculation Dilutive effect of outstanding share options Number of ordinary shares for diluted earnings per share calculation 117,940,542 18 2024 p Basic earnings per share Diluted earnings per share 200p Diluted earnings per share See note 7 for details on adjusted earnings per share. Adjusted earnings per share Adjusted earnings per share	30,860 2023 6,649,618 36,607 — 686,225 ,533,324 2,219,549
Weighted average number of ordinary sharesAt the start of the year16,741,19516Effect of shares issued in the year175,825175,825Effect of purchase of treasury shares(146,861)16,770,15916Number of ordinary shares for basic earnings per share calculation16,770,15916Dilutive effect of outstanding share options1,170,38317Number of ordinary shares for diluted earnings per share calculation17,940,54218Basic earnings per share200pDiluted earnings per share200p187pAdjusted earnings per share2024 £ 000Adjusted earnings per share2024 £ 000Adjusted earnings per share	36,649,618 36,607 — ,686,225 ,533,324
Weighted average number of ordinary sharesAt the start of the year16,741,19516Effect of shares issued in the year175,825175,825Effect of purchase of treasury shares(146,861)16,770,15916Number of ordinary shares for basic earnings per share calculation16,770,15916Dilutive effect of outstanding share options1,170,38317Number of ordinary shares for diluted earnings per share calculation17,940,54218Basic earnings per share200pDiluted earnings per share200p187pAdjusted earnings per share2024 £ 000Adjusted earnings per share2024 £ 000Adjusted earnings per share	36,649,618 36,607 — ,686,225 ,533,324
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Basic earnings per share Diluted earnings per share Adjusted earnings per share See note 7 for details on adjusted earnings per share. 2024 £0000 Adjusted earnings per share	2023 p
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Adjusted earnings per share See note 7 for details on adjusted earnings per share. 2024 £'000 Adjusted earnings per share	169p
See note 7 for details on adjusted earnings per share. 2024 £'000 Adjusted earnings per share	· ·
2024 £'000 Adjusted earnings per share	
Adjusted earnings per share	
Adjusted earnings per share	Restated 1 2023
	£'000
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	0.4.404
	34,421
2024 p	34,421
Adjusted earnings per share 225p	2023 p
Diluted adjusted earnings per share 210p	2023

^{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)
Reconciliation of effective tax rate		
Profit before tax	44,477	39,699
Tax at UK corporate tax rate of 25% (2023: 23.5%)	11,119	9,329
Expenses not deductible for tax purposes	390	181
Tax relief on exercise of share options	(1,090)	(170)
Fixed asset differences	537	102
Adjustments in respect of prior periods	22	(824)
Movement in tax rate on deferred tax balances	_	221
Tax charge for the year	10,978	8,839

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). The corporation tax payable by the Company at 31 December 2024 was £440,000 (2023: £nil).

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

	Electricity licence	Goodwill	Customer books	Software and systems	Total
Group	£′000	£′000	£'000	£′000	£′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.

The above intangible assets are Group assets only. The Company has no intangible assets.

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	Tota £'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
				Freehold land	Freehold	Plant and machinery	Total
Company				£'000	property £'000	£'000	£'000
Cost							
At 1 January 2024				150	3,274	8	3,432
Additions				_	1,784	_	1,784
Disposals				(150)	(5,058)		(5,208
At 31 December 2024				_	_	8	8
Depreciation							
At 1 January 2024				_	291	2	293
Charge for the year				_	18	6	24
Disposals					(309)		(309
At 31 December 2024						8	8
Net book value at 31 Dec	cember 2024						
Cost							
At 1 January 2023				150	3,274	_	3,424
Additions						8	8
At 31 December 2023				150	3,274	8	3,432
Depreciation							
At 1 January 2023				_	182	_	182
Charge for the year					109	2	111
At 31 December 2023					291	2	293
Net book value at 31 Dec	cember 2023			150	2,983	6	3,139

12. Property, plant and equipment continued

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

The Company entered into a new property lease in 2023 with a cost of £134,000. The depreciation charge for the year was £27,000 (2023: £nil). The net book value at 31 December 2024 of £107,000 (2023: £134,000) is included within the Group right-of-use asset as above.

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. The address is listed as part of the Company information on page 100.

The carrying value of investments in subsidiaries for the Company are as follows:

	2024 £'000	2023 £'000
At 1 January	_	_
Additions	50	
At 31 December	50	_

Investments in subsidiaries are stated at cost, less any provision for impairment.

15. Deferred tax assets

Deferred tax assets are attributable to the following:

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

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

15. Deferred tax assets continued

	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.

Deferred tax for the Company for 2024 and 2023 includes the Group movements recognised directly in equity in share-based payments. There was no other movement in deferred tax in the year (2023: £220,000 which is recognised in income relating to tax losses carried forward).

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

There is no inventory held by the Company.

17. Trade and other receivables

	Group		Com	pany
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Current				
Net trade receivables	16,065	11,784	_	_
Net accrued income	57,769	52,325	_	_
Prepayments	1,260	2,354	66	13
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	651	500
Amount due from subsidiary undertakings	_	_	415	25,966
	97,115	127,222	1,132	26,479
Non-current				
Costs to obtain customer contracts	11,786	5,231	_	_
Amount due from subsidiary undertakings	_	_	11,413	3,297
	11,786	5,231	11,413	3,297

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

	2024		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

17. Trade and other receivables continued

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	£ 000	£ 000	£ 000	£ 000	£ 000
Gross trade receivables	4,750	1,792	1,283	5,061	12,886
Gross accrued income	60,002	1,792	1,265	3,001	60,002
	5%	36%	41%	66%	11%
Expected credit loss rate					
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%

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

17. Trade and other receivables continued

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, of which £500,000 (2023: £500,000) is held by the Company. 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.

The Board of Yü Group PLC has considered the provisions around impairment of intercompany indebtedness contained within IFRS 9 "Financial Instruments" and concluded (on the basis of other amounts due to subsidiaries offsetting receivable balances and amounts becoming due shortly after the balance sheet date) that there is no requirement for an expected credit loss provision at 31 December 2024 (2023: no provision).

18. Cash and cash equivalents

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Cash at bank and in hand	85,204	32,477	42,845	7
	85,204	32,477	42,845	7

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

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Current				
Trade payables	10,237	6,492	151	136
Energy and industry cost accruals	47,337	60,335	_	_
Renewable obligation liability	35,374	21,917	_	_
Operating and other accruals	7,791	6,485	21	25
Lease liabilities	894	354	25	24
Tax and social security	17,172	15,347	_	_
Other payables	14,859	12,915	_	_
Amounts due to subsidiary undertakings	_	_	1,756	
	133,664	123,845	1,953	185
Non-current				
Accrued expenses	2,064	_	590	_
Lease liabilities	906	1,281	55	80
Amounts due to subsidiary undertakings	_	_	15,000	
	2,970	1,281	15,645	80

Included within amounts due to subsidiary undertakings in the Company as at 31 December 2024 is a £15,000,000 formal intra-Group loan payable to Yü Energy Retail Limited. The initial loan term is for a period of three years plus an extended term of 18 months from notice. Interest is accrued daily on the loan equivalent to an annual rate of 0.5% below SONIA.

19. Trade and other payables continued

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

1,081 — 59 (912) (148)	554 1,921 108 — (863)	1,635 1,921 167 (912) (1,011)
59 (912) (148)	108	167 (912)
(912) (148)	_	(912)
(148)		
<u> </u>	(863)	(1 011)
		(1,011)
80	1,720	1,800
25	869	894
55	851	906
160	_	160
134	868	1,002
45	36	81
969	_	969
(227)	(350)	(577)
1,081	554	1,635
88	266	354
993	288	1,281
	55 160 134 45 969 (227) 1,081	25 869 55 851 160 — 134 868 45 36 969 — (227) (350) 1,081 554 88 266

Company	2024 Buildings £'000	2023 Buildings £'000
At 1 January	104	_
Additions	_	134
Interest expense	6	_
Payments	(30)	(30)
At 31 December	80	104
Current	25	24
Non-current	55	80

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) and for the Company was £8,000 (2023: £30,000).

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 FY24 the amount expensed to profit and loss was £5,000 (2023: £1,000).

20. Borrowings

	Group		Company	
	2024 £'000	2023 £'000	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.

21. Financial instruments and risk management continued

(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 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.

21. Financial instruments and risk management continued

(b) Customer and financial institution or other counterparty credit risk continued

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 ris

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 \pm /-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.

21. Financial instruments and risk management continued

(c) Liquidity risk continued

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	2024	2023	2023
	Number	£'000	Number	£'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 Group and Company-only movement in share capital and reserves is as per the statement of changes in equity as detailed on pages 67 and 68.

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 for the Group and the Company 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 share

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	2024	2023	2023
	Number	£'000	Number	£′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	e between			Amount	Amount
Date of grant	Expected term	Commencement	Lapse	Exercise price	Vesting schedule	outstanding at 31 December 2024	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 remai	ining contrac	tual life of options outs	tanding			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
То	£10.38	£10.38

23. Share based payments continued

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	_	_

	Options	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 and Company have 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 Company and the Group is an amount of £500,000 held in a separate bank account over which the Group's bankers have a fixed and floating charge.

Contingent liabilities

The Group had no contingent liabilities at 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 £'000	2023 £'000
Cash and cash equivalents	85,204	32,477
Borrowings	(4,967)	(355)
Net cash	80,237	32,122

ne movements in net cash/(net debt) and lease liabilities were as follows:					
	Cash £'000	Borrowings £'000	Sub-total net cash £'000	Leases £'000	Net cash less leases £'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 name	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.

COMPANY INFORMATION

Company Secretary

Paul Rawson

Company website and email

www.yugroupplc.com ir@yugroupplc.com

Registered office

CPK House 2 Horizon Place Nottingham Business Park Mellors Way Nottingham NG8 6PY

Nominated adviser

Panmure Liberum Capital Limited

Ropemaker Place 25 Ropemaker Street London EC2Y 9LY

Corporate broker

Panmure Liberum Capital Limited

Ropemaker Place 25 Ropemaker Street London EC2Y 9LY

Auditor

RSM UK Audit LLP

2nd Floor East West Building 2 Tollhouse Hill Nottingham NG1 5FS

Solicitors to the Company

DLA Piper UK LLP

160 Aldersgate Street Barbican London EC1A 4HT

Osborne Clarke LLP

One London Wall London EC2Y 5EB

Registrars

Neville Registrars Limited

Neville House Steelpark Road Halesowen B62 8HD

0121 585 1131

Financial PR

Teneo

The Carter Building 11 Pilgrim Street London EC4V 6RN





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CPK House 2 Horizon Place Nottingham Business Park Mellors Way Nottingham NG8 6PY

www.yugroupplc.com