

Report and Accounts





UTILITY WAREHOUSE

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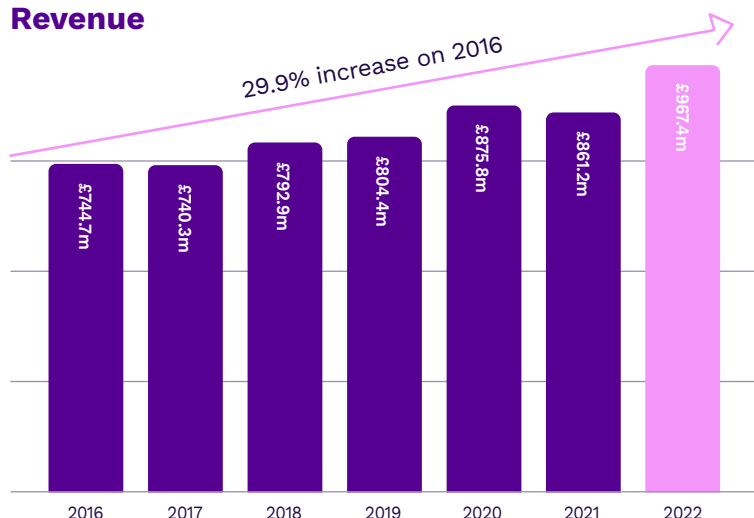
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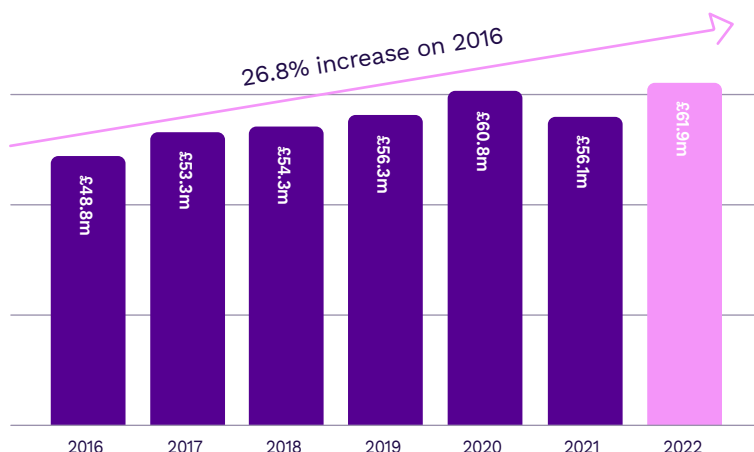
Financial and Operating Highlights

Revenue



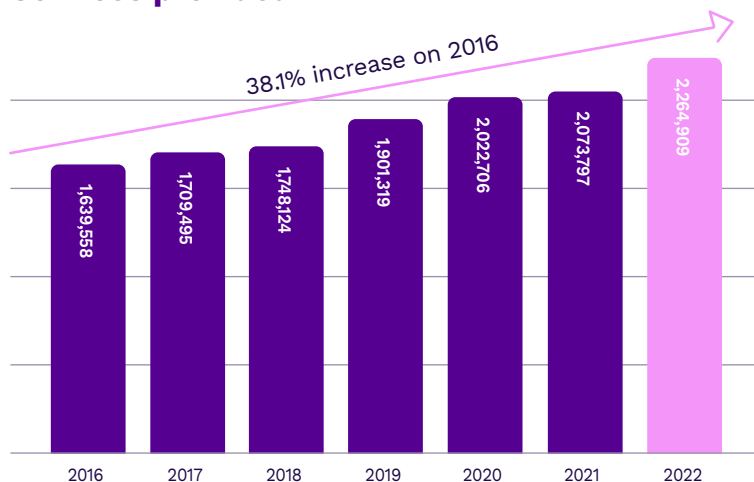
- Revenue up 12.3% to £967.4 million (2021: £861.2m)
- Adjusted pre-tax profit* up 10.3% to £61.9 million (2021: £56.1m)
- Statutory pre-tax profit up 8.5% to £47.2 million (2021: £43.5m)
- Adjusted EPS* up 10.1% to 63.2p (2021: 57.4p)
- Statutory EPS up 8.7% to 45.1p (2021: 41.5p)

Adjusted pretax profit*



- Full year dividend maintained at 57p
- Number of customers up 10.8% to c. 729,000
- Number of services supplied up 9.2% to c. 2.3m
- Notable improvement in customer retention levels, as customers benefit from higher savings on their UW services
- Return to rational pricing environment following permanent energy retail market reset

Services provided



*Adjusted pre-tax profit (£61.9m) and Adjusted EPS exclude share incentive scheme charges (£1.0m), amortisation of the energy supply contract intangible asset (£11.2m), the minority share of Glow Green losses (£0.5m), loss on disposal of UWHS (£1.1m), impairment of goodwill associated with Glow Green (£1.5m) and the profit on disposal of a freehold property (£0.6m). The reconciliations for adjusted profit before tax and adjusted EPS are set out in notes 1 and 19 respectively of the financial statements.

Our Approach

Everything in one

We bundle together all your home services - energy, broadband, mobile and insurance - into one, great value, monthly bill. And the more services our customers take, the more they save.



A structural cost advantage

Through providing our customers with multiple home services, we generate multiple revenue streams from a single set of overheads. This gives us a structural and enduring cost advantage relative to our competitors, enabling us to consistently price competitively across each of the services we supply.

This creates a highly attractive and referable proposition for our Partners to recommend, acquiring high-quality, multiservice customers on our behalf, and maintaining our unique structural cost advantage.



Our word-of-mouth model

Unlike other suppliers, we don't acquire our customers directly. In fact, almost every one of our 729,000 customers has been introduced to us by word-of-mouth.

And at the heart of this is our community of over 48,000 self-employed Partners, who earn an income by referring UW to family, friends and people they know.

Our Services

All your home services in one

Unlike our competitors, we're not an energy company, a broadband company, a mobile company or an insurance company. We're the UK's only multiservice provider.

We save our customers time and money by providing all their home services in one:

One bill

with a promise of great value.

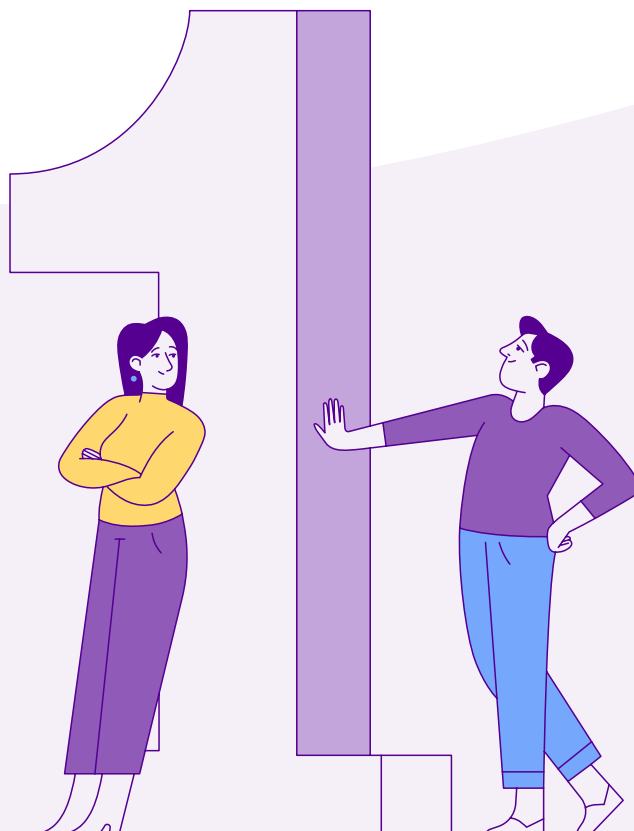
One number

whatever their query.

One account

with a single password for all their services.

So customers can switch to UW, be sure of great value, and never have to think about their utilities again.





Energy

Consistently fair prices, which we guarantee will be lower than the Government's price cap.



Broadband

Super-fast broadband with no in-contract price rises and outstanding technical support.



Mobile

Market-leading tariffs and no EU roaming fees, all on a 30-day rolling contract.



Insurance

Top-rated by Defaqto and Moneyfacts, and always the best premium from our panel of insurers.

**Uswitch
Energy
Awards
2022**



Winning awards year in, year out

We've earned over 70 awards - and counting - in the last decade alone, for the service we provide, the products we offer and the environment we've created for our team. Most recently we were awarded, Best Customer Service, Most Likely to Recommend and Best Rewards in the Uswitch Energy Awards 2022.

- **Best Customer Service**
- **Most Likely to Recommend**
- **Best Rewards**

Chairman's Statement



I am pleased to report a strong performance by the Company during a period of exceptional market turbulence, with turnover, profit, customer and service numbers all reaching record highs.

Adjusted pre-tax profits increased by 10.3% to £61.9m (2021: £56.1m) mainly reflecting higher customer numbers during H2, on revenue up by 12.3% to £967.4m (2021: £861.2m) largely due to higher energy prices and a growing customer base. Adjusted earnings per share for the year rose by 10.1% to 63.2p (2021: 57.4p). Statutory pre-tax profits rose by 8.5% to £47.2m (2021: £43.5m), and statutory EPS rose by 8.7% to 45.1p (2021: 41.5p).

Customer numbers for the year increased by 71,269 (2021: 5,174) to 728,680 and core service numbers grew by 191,112 (2021: 51,081) to 2,264,909, representing growth of 10.8% and 9.2% respectively. All this growth was achieved organically, and predominantly during H2, representing an annualised customer growth rate for H2 of slightly over 20%. This was achieved despite our decision not to participate in the multiple opportunities which arose to acquire customer bases from insolvent suppliers during the autumn.

Churn within our energy customer base is continuing to run at an annualised rate of less than 3%, and in the absence of a return to heavily discounted introductory fixed tariffs from other suppliers - which now seems unlikely given the current regulatory focus on ensuring a sustainable retail energy marketplace - we would expect our churn rate to remain well below historical levels for the foreseeable future.

Interest in our income opportunity for UW Partners accelerated over the course of the year, particularly during the second half, as people focussed on the impending cost of living crisis. We progressively improved both our customer and Partner propositions; of particular importance was the simplification of our bundling structure in March, enabling customers to lock-in guaranteed savings of up to 5% below the Government's energy price cap when they take any combination of our other core services.

We received a number of awards during the year recognising both the value we offer and the quality of service provided by our UK-based support teams; these are testament to our customer-centric approach, our commitment to treating our customers fairly, and the significant efforts by our teams to deliver the best possible customer service.



Dividend

We are proposing a final dividend of 30p (2021: 30p), bringing the total for the year to 57p (2021: 57p); this will be paid on 5 August 2022 to shareholders on the register at the close of business on 15 July 2022 subject to approval by shareholders at the Company's AGM which will be held on 26 July 2022.

We remain committed to a progressive dividend policy consistent with the underlying strong cash generation of our business, with a significant increase to at least 65p expected for the current year.

Our ESG strategy

As a Company, we remain focussed on delivering against our ESG strategy. Never before has sustainability been so relevant. The challenges of collectively achieving net zero, the energy crisis of last autumn - and now the sharply increasing cost of living faced by families throughout the UK - have brought into sharper focus the importance of helping our communities thrive, supporting a more sustainable future and doing business responsibly. These three pillars underpin our ESG strategy and I am pleased to report that we have made good progress over the last year, as set out in our ESG Report and in our Sustainability Report on pages 31 to 40 below.

We recognise the importance of a low carbon future and are actively developing a detailed Net Zero transition plan. We are committed to implementing the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") and our TCFD disclosures, consistent with the TCFD framework, can be found on pages 43 to 46 of this Report.

Our ESG targets and goals for the year ahead are set out in our ESG Report and Sustainability Report and demonstrate the Company's continued engagement and focus on its ESG agenda.

Corporate governance

The UK Corporate Governance Code (the "Code") encourages the Chairman to report personally on how the principles in the Code relating to the role and effectiveness of the Board have been applied.

As a board we are responsible to the Company's shareholders for delivering sustainable shareholder value over the long term through effective management and good governance. A key role of mine, as Chairman, is to provide strong leadership to enable the Board to operate effectively.

We believe that open and rigorous debate around key strategic issues and risks faced by the Company is important in achieving our objectives and the Company is fortunate to have non-executive directors with diverse and extensive business experience who actively contribute to these discussions.

Further detail of the Company's governance processes and compliance with the Code is set out in the Corporate Governance Statement.

Board changes

As previously announced, non-executive directors Julian Schild and Melvin Lawson will be retiring from the Board after the AGM in July. Melvin and Julian have each made significant contributions to the success of the business and will leave with our sincere thanks.

We are delighted to welcome Carla Stent to the Board as a Non-Executive Director with effect from the AGM in July. Carla brings a broad range of skills and experience at large and fast growing businesses, and demonstrates the importance we place on meeting the highest possible standards of corporate governance. She will immediately assume the role of chairing our Audit Committee.

Chairman's Statement

continued

Outlook

We have now entered what seems likely to be an extended period of normal and sustainable competition across the various essential household services we provide - an environment in which our clearly differentiated and effective route to market can be expected to thrive. It is hugely exciting to see our community of Partners once again demonstrating their ability to deliver rapid and high quality organic growth.

In helping UK households to manage and reduce their bills, we are a business of its time. Consumer demand to reduce bills has never been higher, and is likely to continue to grow over the coming months. Our multiservice model enables us to offer consumers some of the cheapest energy tariffs in the market - with guaranteed savings of up to 5% below the Government energy price cap - in an entirely sustainable way.

And we are actively increasing our investment in staff and technology to further improve the already strong customer experience and service levels that earned us top position in the May 2022 survey carried out by Uswitch.

Whilst we expect our customer base to grow by around 20% during FY23, the fundamental strengths of our business model mean there is much more to aim for.

Indeed, with 98 out of every 100 households in the UK taking their essential home services from suppliers other than UW, our organic growth opportunity is, for all practical purposes, unlimited.

Our new medium-term goal is to sign-up at least 1,000,000 additional customers over the next four to five years - a target we believe is comfortably achievable against an economic background where our ability to help families both save on their bills and earn a meaningful additional income have never been so needed or so valuable.

In the absence of unforeseen circumstances, and with growing visibility over the level of the Government price cap for the coming winter period, we expect that full-year adjusted profit before tax for FY23 will be around £75m, ahead of current consensus market expectations; this would enable an increase in our dividend to not less than 65p for the full year in line with our progressive dividend policy.

Once again, I would like to thank my boardroom colleagues for their support and all our staff and Partners for their loyalty and hard work throughout a difficult and challenging few years, and the contribution they are making to the strong performance we are currently seeing.

Charles Wigoder
Executive Chairman
21 June 2022

GG

I am pleased to report a strong performance by the Company during a period of exceptional market turbulence.

Co-Chief Executives' Review

The year in summary

The business has experienced a dramatic turnaround in the past 12 months, delivering a very strong performance that exceeded our expectations at the start of the year.

We have regained our long term competitive edge, are offering some of the best value services in the country, and starting to fire on all cylinders again.

A continuation of the long-running and value-destructive price war in the energy retail market, combined with the after-effects of social distancing restrictions associated with the pandemic, led to a slow first six months until September 2021.

Since then, our trading environment and long term outlook have significantly improved, as shown by the 10% growth in both customers and service numbers in the second half of the year - equal to the previous five years of growth combined.

The end of the energy price war was a huge contributor to this rapid improvement in performance: prior to September 2021, our long term cost advantage and multiservice approach had struggled to compete against the irresponsible, below-cost pricing models of many now-failed energy competitors. As wholesale energy prices rose last year, it exposed these short-termist, unsustainable business models, resetting the energy market and enabling the core strengths of our business model to come back to the fore.

Our disciplined refusal to engage in the value destructive fray of the energy price war, instead remaining focused on long term value creation, has paid off. Today, we are operating in a much smaller market with only ~15 remaining suppliers and ongoing regulatory intervention that will prevent any possible recurrence of unsustainable pricing practices.

But it is not simply the reset of the energy markets that has enabled the business to return to growth and deliver a strong second half. The macro-economic outlook for the UK is worsening, household budgets are coming under increasing pressure, and demand for what we offer is clearly rising.

An inflationary environment is one that has historically suited our business model, as we cater for both those looking to save money on their bills, and those seeking to earn an additional income.

Households across the country are experiencing price rises for all their essential home services - be it energy, broadband or mobile - and are increasingly focussed on managing their monthly outgoings and interested in hearing about ways to save.

At the same time, more and more people are looking to supplement their earnings, and turning to the near-term income opportunity we offer our Partners. It is hugely rewarding to see record numbers of Partners joining UW and being active in recommending UW to their friends, families and colleagues, helping them reduce their bills whilst earning a meaningful additional income in the process. After several years of challenging conditions, the path ahead for us to deliver sustainable and profitable double-digit annual growth is clear.

The strong performance of the business over the last six months is exciting, but with the cost of living squeeze driving increased consumer demand for what we offer, and with 98 out of every 100 households across the UK using suppliers other than UW, we believe there is much further to go. The business is perfectly positioned to capitalise on these very positive dynamics, and we continue to invest to ensure we maximise our growth prospects over the years ahead.

A unique business

All your home services in one

We supply households and small businesses throughout the UK with a wide range of essential services under the UW brand - energy, broadband, mobile and insurance. Our customers bundle together the services they want, and benefit from a unique multiservice proposition that offers them:

- **Simplicity** - just one, simple bill for all their home services;
- **Savings** - compared with the prices they were previously paying; and
- **Service** - an award-winning customer app backed up by UK-based support teams.

Co-Chief Executives' Review

continued

We help our customers to get on with more important things in their lives than managing their bills, by delivering consistently fair value and great service, ensuring they never need to think about switching their utilities again.

We believe that one supplier offering a single place to manage all your essential home services, and a single monthly bill for all of them together, is logically the easiest and most cost-effective way to deal with your bills.

Our ultimate objective is that by fully delivering on our 'all your home services in one' customer proposition, we create something that is truly referable.

Word-of-mouth

The power of a personal recommendation from someone you know and trust is as great today as it ever has been, and delivers real impact. This is increasingly apparent in a world of ubiquitous online reviews and relentless digital marketing campaigns hitting consumers from all angles.

Almost every one of our 729,000 customers has been introduced to us by word-of-mouth. Central to this differentiated marketing approach is our community of UW Partners: they are local, trusted brand advocates who spread the word about UW, one neighbour at a time.

In return for successfully recommending us to their friends and family, and helping them switch their essential home services to UW, we offer our Partners the opportunity to earn a meaningful additional income.

Our sustainable cost advantage

It is the combination of our unique 'all your home services in one' customer proposition with our powerful 'word-of-mouth' route to market (that in itself represents an attractive proposition to many consumers), that lies at the heart of our business model. These are underpinned by strong wholesale supply agreements for each of our services and a fully-integrated technology stack that we've built in-house.

As the UK's only genuine multiservice provider, we derive significant ongoing operating efficiencies relative to our competitors by spreading a single set of overheads across the multiple individual service-related revenue streams we receive from each of our customers.



This creates a sustainable, structural cost advantage that enables us to consistently price competitively across each of the services we supply.



This in turn creates a highly attractive and referable customer proposition that enables us to harness the most powerful form of marketing - word-of-mouth.



Our Partner-led word-of-mouth route to market enables us to achieve high levels of multiservice take-up by new customers, maintaining our sustainable cost advantage.

Our focus

The energy, broadband, mobile and insurance markets are each individually significant; combined, they present us with a vast opportunity. Further, with a market share of around 2.5%, there are few practical constraints on the size of business we can build organically.

However, we have never pursued growth at all costs. We take pride in building an ever more robust and sustainable business that serves the interests of all our key audiences: our customers, Partners, employees and our shareholders.

The underlying strength of our business and the conviction in our approach is founded on two key areas of focus:

Loyal customers creating long term value

We believe sustainable value can only come from long term relationships with our customers. We must compete toe-to-toe in each of the competitive markets we operate in, but we're not trying to persuade people to buy something they don't already have or may not need. We simply offer a better solution for the essential household services they're already using, and one that's recommended by a trusted friend or neighbour.

We seek to generate loyalty amongst our customers in a number of key ways:

- **Incentivising them to take more services from UW**

There's a clear correlation between the number of services a customer takes and their lifetime as a UW customer, and so we offer incrementally better value with each additional service they take from us.

- **Providing outstanding service and treating them fairly**

Above and beyond our award-winning customer app and telephone support, we offer a promise of great value for as long as a customer stays with us, eschewing the short-term 'tease and squeeze' pricing tactics that inevitably undermine customer trust and loyalty.

- **Encouraging homeowners to sign up to UW**

Changes in occupancy pose particular challenges to broadband and energy suppliers, leading to higher administrative costs and acting as a prime source of both churn and bad debt. Our propositions are therefore weighted towards homeowners as they tend to move less frequently.

Only a minority of UK consumers actively engage with the expensive advertising strategies of our competitors; these are typically serial switchers and are therefore unlikely to generate long term returns. The majority of people are considerably less engaged with switching, and it is this personal recommendation from someone they know that overcomes this natural inertia and then leads to longer lifetimes with us once they've switched. Moreover, these 'hard to reach' customers are where our less formal 'word-of-mouth' route to market really comes to the fore, accessing people who are not actively considering switching.

Our unique multiservice proposition delivered through our word-of-mouth route to market drives the ongoing acquisition of loyal customers, thereby building long-term value for all parties:

- Our customers benefit from consistently lower prices in return for switching all their services, and stay with us longer.
- Our Partners receive a long term residual income stream from a longer-lasting customer.
- Our shareholders receive a sustainable earnings stream from an inherently sustainable business.

Word-of-mouth as a sustainable route to market

We believe attracting multiservice customers at scale is best achieved through word-of-mouth. This is a core tenet of our business model and gives us a significant competitive advantage, with a direct ability to communicate the benefits of our unique multiservice retail proposition to high quality customers, many of whom may never have previously switched supplier. This is in stark contrast to the traditional and costly routes to market - billboards and digital banner ads to name a few - that are adopted by most other suppliers.

Moreover, and also unlike other routes to market, this word-of-mouth model creates a genuine alignment of interests. Our Partners can earn meaningful short-term financial rewards for introducing new customers to UW, as well as a long term residual income for as long as their customers remain with us.

As an opportunity to earn a meaningful additional income it offers genuine flexibility, as Partners earn in their own time and on their own terms, and it's highly accessible, as anyone can become a UW Partner, recommend UW from anywhere and no previous experience is needed.

Almost all of our customers have signed up to UW following a recommendation from a UW Partner. In some cases this only generates a one-off income, but in most cases Partners can generate real financial security for themselves and their families - something that has once again started to strike a real chord around the country in recent years.

The pandemic reinforced the appeal of the UW Partner opportunity, with rising demand for an alternative, flexible income stream to supplement earnings. More recently with the inexorably rising cost of living, we're experiencing a further surge in interest as UK consumers increasingly look for additional ways to bolster their household finances.

Our core services

We help UK households to save time and money by bundling together all their essential home services into one. Whilst a number of price comparison sites seek to provide an all-encompassing home services proposition on a brokerage basis, we are unique in doing this on a genuinely integrated basis, as the actual retail supplier across each of our core services. We believe this is the only way to earn the trust and loyalty of our customers, as we can manage their end-to-end experience.

Co-Chief Executives' Review

continued

Yet we are essentially a virtual business. Instead of owning any of the underlying infrastructure assets necessary to provide our services, we rely on the investments made by others, and resell their services. This approach is founded on strong, long term commercial relationships with the wholesale suppliers of the core services we supply. It is also capital-light, ensures access to emerging technologies, avoids any obsolescence risk, whilst enabling us to retain full control of our retail proposition.

Our suppliers recognise the value of our unique approach to each of the markets we operate in, and the importance of ensuring we maintain a competitive and attractive customer proposition so our word-of-mouth model continues to thrive. In return, they benefit from a complementary and clearly differentiated route to market which increases their market share, whilst the proven sustainability of our business model, the strength of our balance sheet, and the longevity of our multiservice customers means we benefit from long term competitive terms.

We believe these are genuinely mutually beneficial relationships, and the average tenure for suppliers - typically over 15 years - is testament to their strength, and the value that both sides attribute to them.

None of this would be possible without our in-house technology platform, which is managed by a team of engineers who are innovating daily to deliver seamless customer and Partner experiences. By fully integrating all the household services we supply into a single monthly bill, supported by a single set of central overheads, our technology gives us the fundamental, long term cost advantage that enables us to sustainably compete with other suppliers in each of the markets we operate in.

Energy

The energy market landscape has experienced an unprecedented upheaval since the energy crisis began in October last year. Unsustainable pricing and hedging practices have resulted in 30 companies supplying over four million customers going into administration in the last year.

The customer impact has gone well beyond a change of supplier. The rapid inflation in wholesale prices have led to two consecutive significant increases in the Government price cap - a key driver of the cost of living crisis. And with most suppliers not currently accepting new customers unless onto a very expensive fixed deal, more than 22 million households are now on standard variable tariffs, priced at the Government price cap, and switching across the market has dramatically reduced.

Our long term, sustainable approach to pricing giving customers a guaranteed discount to the Government price cap, led to us being consistently the most competitively priced supplier since October. The combination of this attractive pricing and record low churn, resulted in our energy service base growing by 13% in the last year, heavily skewed towards the second half.

We have continued to focus our growth in this period on high quality customers. We chose not to participate in the multiple opportunities to acquire customer bases from insolvent suppliers during the autumn (through the Supplier of Last Resort ("SOLR") process) and have maintained our focus on acquiring multiservice home-owners through our unique word-of-mouth route to market.

Despite our rapid return to growth, our customer service quality has remained market leading, and we were delighted to have won three awards in the Uswitch energy awards 2022 including 'Best Customer Service', 'Most Likely to Recommend' and 'Best Rewards' in addition to coming runner-up for 'Best App'. More recently, we topped the Citizens Advice Bureau ("CAB") rankings - a testament to our focus and investment in this area, and the exceptional work of our teams providing the support.

Ofgem continues to run multiple concurrent consultations on interventions to prevent any recurrence of unsustainable practices, including, but not restricted to pricing, hedging, consumer credit balance management, direct debit management, price cap review timeframes etc. We welcome this increased scrutiny, and Ofgem's desire to ensure a sustainable energy market. Equally we are constantly alert to the risk of unintended consequences of highly prescriptive regulatory intervention, not least the significant administrative burden that this puts on suppliers.

Consumer engagement with the transition to net zero may have waned somewhat in the face of rising bills, but remains on a longer term upward trend. Whilst we view ourselves as a multiservice provider, not simply an energy supplier, we have both a direct role to play in the transition, and also an indirect role, by helping our customers to do likewise. The key priority for the energy retail industry is the smart meter roll-out programme. Not only is this vital to the broader transition to net zero, it also improves billing accuracy and customer satisfaction, and critically, it helps customers actively monitor in real time how much energy they are using.

We maintain our belief that Government intervention is required if the smart rollout is to achieve its full potential – namely the introduction of legislation to remove the ability for customers to opt-out from the national rollout programme by refusing to have a new smart meter installed.

We continue to move ahead of the wider market in our smart meter rollout programme, with penetration now at 65% (up from 57% at the start of the year) despite our recent acceleration in growth. In order to focus on our core multiservice customer proposition, and to ensure the continued cost-effective rollout of smart meters to our customers, we took the decision to divest UWHS, our smart meter installation business, in March. The new owners will continue to fulfil our smart rollout obligations in line with our growth.

Our boiler installation business (Glow Green) made a loss of £1.9m during the year. This disappointing performance resulted from a combination of labour and supply chain issues, a more competitive post-pandemic environment, and start-up costs associated with entering the solar panel and battery installation market. In order to focus on our core multiservice proposition, we took the decision to divest the business in March to Charles Wigoder, Executive Chairman of the Group, for cash consideration of £1.

Wholesale energy markets remain volatile. We have just seen the Government price cap increase by 54% from April, and it is now inevitable that prices will rise significantly again in October. In addition, the ramifications of the additional SOLR processes are yet to be fully seen, with costs still to be absorbed by the market and new requirements on existing and new market entrants expected. Energy prices are therefore likely to remain high for the foreseeable future.

We have already seen early indications of customers actively taking steps to reduce their energy consumption in response to higher prices, and it seems increasingly likely that additional Government support will be provided for those most at risk of fuel poverty this winter. The combination of these two factors suggest that any increase in bad debts across the energy industry this year will be more manageable than had previously been feared, although uncertainty remains over the eventual impact.

In any event, we expect to be sheltered to a degree from these pressures by our customer demographic which skews towards more mature, creditworthy, and multiservice homeowners.

Broadband

Consumer expectations for broadband services have never been higher with demands for faster speeds and better in-home Wi-Fi coverage as a result of the pandemic continuing to impact consumer behaviour.

In H1 we saw a dip in our broadband service numbers following a period of heavy re-contracting during the pandemic as people sought faster speeds; this resulted in many of our prospects being locked into their existing suppliers last summer with large termination fees and being cautious about disrupting their service.

As the national full fibre roll-out gathers pace, the quality of the in-home Wi-Fi experience is increasingly the important factor for customers, and a focus for us. In April last year we launched our Whole Home Wi-Fi solution, powered by the Amazon eero mesh system, and we are pleased that a significant number of new customers now benefit from this chargeable option. In September we upgraded the router we offer at no additional cost to all new customers and we're delighted that in February Which? awarded it Best Buy status.

This February, responding to increasing budgetary pressures on household finances, and in stark contrast to the CPI+ annual price increases forced on their customers by the majority of large broadband providers, we launched a competitive pricing structure for new customers alongside a guarantee that we will not increase prices mid-contract. At the same time, we introduced a new, faster Full Fibre 500mb product to meet growing consumer demand at the top of the market. Combined with faster overall customer growth, these improvements have resulted in a return to growth for our broadband service and we expect this improved trajectory to continue.

Mobile

The UK mobile market continues to be split between the big four Mobile Network Operators (“MNOs”) focussed on coupled airtime and handset contracts and tied closely to a handset refresh cycle, and the largely SIM-only Mobile Virtual Network Operators (“MVNOs”) offering more flexibility and more data at lower prices. SIM-only demand continues to grow and with more customers turning away from expensive handset contracts, our focus remains on a SIM-first strategy.

We continue to improve the quality of service for our new and existing customers with the roll-out of 4G and Wi-Fi calling during the year. Additionally, we have been proactively migrating some of our customers from legacy tariffs onto our current proposition to improve their experience at low or no additional cost.

Co-Chief Executives' Review

continued

In September we launched a new tariff structure to reflect the wider market demand for increased data allowances. At the same time we improved the pricing of our Unlimited data SIM – a change which has allowed us to offer one of the best value Unlimited tariffs in the market with additional value for households taking multiple SIMs.

In the second half of the year, the majority of mobile providers began to charge again for EU roaming. Along with a handful of other MVNOs we have continued to offer this to our customers at no additional cost as a key customer benefit and differentiator of our proposition.

Our mobile base has grown by over 7% in the last year. We look forward to accelerating this rate of growth over the year ahead on the back of the additional energy discounts customers can now receive by taking a UW mobile service in our new bundle structure, and as we continue to deliver feature improvements such as 5G.

Insurance

Insurance is increasingly proving itself a natural fit for our brand and business model, and we are pleased to have grown the number of insurance services by 36% over the year, and with the pace of growth now accelerating.

We have invested in building an insurance platform that can scale rapidly with high operating leverage, and are very excited by the growth opportunity that insurance represents for UW as our fourth core service: it is a key pillar of our future growth strategy.

We have been directly authorised by the FCA as an insurance broker since October 2020. We welcome their intervention to ban dual pricing in the home and motor insurance markets during the year, as well as the increased scrutiny of pricing practices more broadly, which we believe improves customer outcomes and strengthens our competitive position.

Across our Home Insurance and Boiler & Home Cover products, we continue to achieve very strong renewal retention rates of over 90%, demonstrating our focus on delivering excellent value combined with a best-in-class experience.

In March 2022 we integrated insurance into our bundle proposition, which has resulted in an increased propensity amongst new customers to take an insurance service at sign-up, and is an important step towards further scaling our insurance business.

We are committed to taking significant market share in the insurance markets, and are continuing to invest significantly in order to achieve this aim. Over the coming year we therefore will be focussed on further accelerating our insurance service growth, securing and, where possible, increasing our margins, and evaluating opportunities to expand our range of insurance products in the future.

Cashback card

Our unique Cashback card proposition enables our customers to save up to 10% at a range of participating retailers, and 1% on all their other spend, applied automatically as a credit to their next UW bill.

It materially increases the savings opportunity we offer our customers, from four essential household services to all their everyday spending – groceries, fuel, travel, clothing etc.

We launched the Cashback card in 2008 following the global financial crash and subsequent rise in cost of living. Petrol had just reached the £1/litre mark, and demand was high. As we enter a further period of considerably greater pressure on household budgets, we believe the Cashback card has a significant role to play in supporting our customers and accelerating our growth.

During the year we paid out £5.8m of cashback to our customers, and spend on the programme has grown to over £368m annually, making it one of the largest prepaid card programmes in the UK. In January we migrated over 300,000 cards to Mastercard, a move that, combined with our investment in the full stack infrastructure, will enable us to accelerate our innovation-led product roadmap in order to fully capitalise on the growth stimulus we believe the Cashback card represents.

Operational performance and non-financial KPIs

The number of customers we supply increased during the year by over 10% to 728,680, and the number of services they take to 2,264,909. All of this growth was achieved organically, and predominantly during H2, in spite of our decision not to participate in the multiple opportunities which arose to acquire customer bases from insolvent suppliers during the autumn.

Our primary focus is the residential market, and in this segment our customer base increased by over 11% during the year. With 29 million households across the UK, we have just 2.5% market share.

Customers	2022	2021
Residential	705,634	633,613
Business	23,046	23,798
Total	728,680	657,411

We offer our customers four core services: broadband, mobile, energy and insurance, with many also taking our Cashback card. Customers can take any combination of services they wish from us, but given the clear correlation between the number of services they take and their expected lifetime value to us, we encourage new customers to switch as many services to us as they can in order to secure our best prices.

Services	2022	2021
Core services		
Energy	1,219,836	1,079,044
Broadband	323,623	324,499
Mobile	324,773	302,654
Insurance	44,834	32,928
Other services		
Cashback card	327,949	308,439
Legacy telephony	23,894	26,233
Total	2,264,909	2,073,797

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

The average number of services taken by new residential customers signed up by Partners fell slightly during FY22 compared with the preceding year, mainly due to an influx of customers over the autumn who were only looking to replace their previous energy supplier who had ceased trading. This temporary bias towards new customers seeking to switch only their energy to UW was still visible, albeit less pronounced, in March 2022 on the back of 22 million households across the UK receiving price increase notifications from their energy suppliers in advance of the significant increase in the Government price cap on 1 April 2022.

Average number of core service types taken by new residential customers signed up by Partners



In late March we launched a simpler bundle proposition for our customers, in order to give them greater flexibility in accessing our lowest energy pricing. We expect this to have a positive impact on the average number of services taken per customer, whilst also reducing the proportion of new customers taking just energy from us, and leading to a greater proportion benefitting from a genuinely differentiated multiservice UW proposition: by taking two or more core services from us, customers are receiving a proposition that they cannot get from any other provider, rendering them less likely to leave us.

We have long benefitted from market-leading customer loyalty, and use our electricity supply point churn (the percentage of supply points leaving during the period) as a proxy for overall churn. This important measure of customer value fell significantly during the year to around 6% (2021: 13%) for the full year, with churn continuing at historic levels of around 10% during H1 followed by a rapid reduction to an annualised rate of 3% during H2 as all the remaining energy suppliers withdrew their 'below cost' acquisition tariffs in October. Whilst we do not anticipate that churn will remain at this very subdued level indefinitely, the ending of the energy price war and the increasing regulatory scrutiny on the sustainability of suppliers and their pricing strategies should ensure our churn rate remains considerably below historical levels for the foreseeable future.

Average revenue per customer from providing Core and Other services increased to £1,340 (2021: £1,254) primarily due to higher energy prices during the winter following the Government price cap increase in October.

Co-Chief Executives' Review

continued

Supporting our customers

In order to maximise the expected lifetimes of our customers, and to earn the trusted personal recommendations of our Partners, we must deliver a consistently high standard of service to our customers, treat them fairly, and live up to our promise of letting them get on with their lives and forget about their utilities.

We rely on the efforts of our colleagues in our unified support centre to look after all the services that our customers choose to take from us. Historically based in north London, these teams now increasingly support our customers from their homes throughout the UK: in offering our colleagues a more flexible approach to working hours, and through accessing a greater pool of talent nationwide, we believe we are well positioned to meet the needs of our customers as we grow. During the year we invested heavily in improving the support we offer our remote colleagues, providing them with improved home office systems and quicker and easier access to expert knowledge that is held within the business.

We continue to invest heavily in offering the digital experience that our customers increasingly expect from us - enabling them to self-serve without having to speak to one of our team if they wish. We further improved our UW customer app and online My Account functionality, increasing the range of self-service capabilities. We continue to employ numerous qualitative and quantitative performance measurement tools to monitor all aspects of our customers' interactions with us.

We are pleased to have been recognised as providing the Best Customer Service in the Uswitch Energy Awards 2022, and to have been identified as the supplier that customers are most likely to recommend. With numerous energy suppliers collapsing in the autumn, inflationary trends becoming apparent across all the markets in which we operate, and our growth rate accelerating, we have received significantly greater levels of contact from our customers in recent months; these endorsements are vital to our word-of-mouth marketing model, and are a testament to the positive attitudes and hard work of our support teams.

Supporting our Partners

The significant acceleration in our organic growth which started during the autumn was driven by an enthusiastic response from our Partners to the improved competitive landscape and the demand for a sustainable, secure and good value energy supplier.

As the energy market dynamics shifted in the autumn and our Partners began to understand how much more referable the UW customer proposition had become, and grow in confidence, we re-prioritised elements of our product roadmap accordingly.

Following the removal of social distancing restrictions, Partners continued to consistently sign up around 40% of new customers and Partners remotely, realising the ability to conduct their referrals nationally as opposed to locally, accessing a broader range of their friends and family and in a more convenient and efficient fashion.

We are pleased with the impact of the Customer Bonus that we launched last April, simplifying the structure, and acting as a key driver of the high recruitment and customer gathering levels we saw throughout the second half of the year. The Customer Bonus was originally conceived in the aftermath of the last inflationary cycle in 2008-2010, during which we were unable to offer new Partners a sufficient near-term income. We believe we are now exceptionally well placed to meet increasing demand for an additional near-term income, offering up to £300 in Customer Bonus for signing-up a home owner taking all four core services from us.

We are hugely encouraged by the number of new Partners who joined during the second half of the year, and believe that we can play an important role in helping thousands of families more than offset the increased cost of living they are facing, simply by recommending UW.

Our community of Partners is in a very different mode from 12 months ago. Confidence is returning, momentum is building, and whilst an informal word-of-mouth route to market will never respond instantaneously to improved market conditions, there has been an encouraging uptick in activity. The number of Partners actively referring customers, the value of Customer Bonuses earned, and the number of new and existing Partners earning them, all reached record levels towards the end of FY22.

Our priorities for the year ahead

Having delivered 10% growth in customer and service numbers in the second half of the year alone, and with a high degree of confidence over our continued growth trajectory, we have set three key business priorities for the year ahead.

Building a great culture and environment for our people

We aim to create a working environment - at home and in the office - that attracts great people, keeps great people and gets everyone talking proudly about UW.

The acceleration in the number of customers joining UW, combined with the severe squeeze on household incomes leading to heightened concern from our customers over their monthly outgoings, means our teams are extremely busy.

This, set against relatively recent adoption of entirely new ways of working, with the majority of our colleagues working from home all or most of the time, means we must redouble our efforts to create a working environment and culture that enables our people to grow as we grow, that values and respects the commitment and hard work of our teams, all of whom contribute to delivering our 'all your home services in one' proposition day in, day out.

Looking after our customers as we grow

We aim to deliver a multiservice customer experience that customers will increasingly refer to their friends and families, and view this as a key metric of our success.

We seek to reduce the need for customers joining UW to contact us directly by providing easier means to help themselves faster; this includes streamlining our onboarding processes and proactively providing them with timely information on each of the services they take from us.

We will continue to invest in delivering best in class service and support to all our customers, through growing our technology and customer support teams and improving the systems they use to do so.

Maximising high-quality customer growth

More and more people are turning to UW to earn an additional income, and we see considerable value in broadening the appeal of our Partner opportunity, making it more accessible and easier to make a success of, but still highly rewarding.

With the aim of helping tens of thousands of people, from all backgrounds, to meet the challenges of the rising cost of living we will continue to invest in making it easier for our Partners to successfully refer UW and earn in the process - be it improving the competitiveness of our customer offer, or the support and tools we provide to our Partners.

Ultimately we want all our customers to become genuine brand advocates, and to make additional savings on their bills simply by recommending UW to people they know.

Stuart Burnett & Andrew Lindsay MBE
Co-Chief Executive Officers
21 June 2022



Financial Review

Overview of results

	Adjusted			Statutory		
	2022	2021	Change	2022	2021	Change
Revenue	£967.4m	£861.2m	12.3%	£967.4m	£861.2m	12.3%
Profit before tax	£61.9m	£56.1m	10.3%	£47.2m	£43.5m	8.5%
Basic EPS	63.2p	57.4p	10.1%	45.1p	41.5p	8.7%
Dividend per share	57.0p	57.0p	0.0%	57.0p	57.0p	0.0%

In order to provide a clearer presentation of the underlying performance of the group, adjusted profit before tax and adjusted basic EPS exclude share incentive scheme charges of £1.0m (2021: £1.4m) and the amortisation of the intangible asset of £11.2m (2021: £11.2m) arising from entering into the energy supply arrangements with npower in December 2013; this decision reflects both the relative size and non-cash nature of these charges. In FY22 adjusted profit before tax and adjusted basic EPS also exclude: (i) the loss on the disposal of UWHS (£1.1m), (ii) the write-off of goodwill associated with the conditional disposal of Glow Green of (£1.5m); and (iii) the profit on disposal of a freehold property of (£0.6m). The reconciliations for adjusted profit before tax and adjusted EPS are set out in notes 1 and 18 respectively of the financial statements.

Summary

Adjusted profit before tax increased by 10.3% to £61.9m (2021: £56.1m) on higher revenues of £967.4m (2021: £861.2m). Statutory profit before tax increased 8.5% to £47.2m (2021: £43.5m). These increases mainly reflect the impact of customer growth and higher retail energy prices from 1 October 2021 (in line with an increase in the Government price cap).

Distribution expenses increased to £29.7m (2021: £27.8m), mainly reflecting increased Partner activity during the second half.

Administrative expenses (excluding share incentive scheme charges and amortisation of the energy supply agreement intangible) increased during the year by £7.6m to £84.4m (2021: £76.8m), mainly as a result of higher staff, technology and infrastructure costs as we responded to the rapid increase in the rate of customer growth during the autumn.

The bad debt charge for the year (separately identified on the income statement as impairment loss on trade receivables) increased to £11.6m (2021: £11.2m) representing 1.2% of revenues (2021: 1.3%).

Adjusted earnings per share increased by 10.1% to 63.2p (2021: 57.4p), with statutory EPS increasing by 8.7% to 45.1p (2021: 41.5p). In accordance with previous guidance and our strong cash position, the Board is proposing to pay a final dividend of 30p per share (2021: 30p), making a total dividend of 57p per share (2021: 57p) for the year.

Revenues

The growth in the number of services we are supplying significantly accelerated, with an increase of 191,000 services (2021: 51,000) during the course of the year, taking the total number of services provided to our customers to a little under 2.3 million (2021: 2.1 million).

The increase in revenues mainly reflects higher customer numbers and energy prices during the period:

Revenues £m	2022	2021
Electricity	450.5	391.8
Gas	295.7	248.0
Landline and broadband	129.7	132.2
Mobile	44.7	40.6
Other	46.8	48.6
	967.4	861.2

Margins

Our overall gross margin for the year was 19.5% (2021: 20.1%) mainly reflecting the higher proportion of energy sales during the period resulting from higher customer growth and increased prices.

Distribution and administrative expenses

Distribution expenses include the share of our revenues that we pay as commission to Partners, together with other direct costs associated with gathering new customers. These increased to £29.7m (2021: £27.8m), mainly reflecting higher Partner commissions and incentive costs associated with our rapid return to sustainable growth in the second half of the year.

Administrative expenses (excluding share incentive scheme charges and amortisation of the energy supply agreement intangible) increased during the year by £7.6m to £84.4m (2021: £76.8m), mainly as a result of higher staff, technology and infrastructure costs. The increase in staff costs mainly reflects the investment in strengthening our customer service and management teams in order to ensure we continue to deliver outstanding service levels across all of our services as our growth accelerates.

The bad debt charge for the year increased to £11.6m (2021: £11.2m) representing 1.2% of revenues (2021: 1.3%). The proportion of customers with at least two energy bills outstanding, fell marginally to 2.04% (2021: 2.08%).

Disposals

During the period the Group disposed of its shareholding in UW Home Services Limited ("UWHS") on 31 March 2022 for a consideration of £1 to Lowri Beck Holdings Limited, a specialist meter operator owned by the Calisen Group. The net assets of UWHS at the point of disposal were £1.1m and the loss on disposal for the Group was £1.1m. This has been shown separately on the face of the Consolidated Statement of Comprehensive Income.

The Group also agreed to sell, subject to the necessary FCA change of control approval, its 75% shareholdings in Glow Green Limited and Cofield Limited ("Glow Green") for a cash consideration of £1 to Charles Wigoder, Executive Chairman of the Group. As a result, the goodwill associated with Glow Green of £1.5m has been impaired in the current period, and this has been reflected in the 'Goodwill impairment' line in the Consolidated Statement of Comprehensive Income.

Since acquiring Glow Green in 2018, the business has been consistently loss-making; this has contributed to a cumulative funding requirement of over £6m that will remain with Glow Green as a debt to the Group and be

repaid over time. The repayment of the loan has been personally guaranteed by Charles Wigoder. The Board believe that the disposal of Glow Green is in the best interests of the Group given the significant management resource it would otherwise require, particularly at a time when the growth opportunities within the core business are so exciting.

As a smaller related party transaction, this disposal fell within the requirements of section 11.1.10R of the Listing Rules and the Board obtained written confirmation from its sponsor (Peel Hunt) that the terms of the proposed transaction were fair and reasonable as far as the shareholders of the Group are concerned.

The Group also disposed of a freehold building during the period which realised a profit on disposal of £0.6m. This has been reflected in the Other income line in the Consolidated Statement of Comprehensive Income.

In order to show the underlying performance of the business, the loss on disposal of UWHS, impairment of goodwill associated with the conditional disposal of Glow Green, and the profit on disposal of the freehold building, have been excluded in calculating the adjusted profit before tax of £61.9m.

Cash, capital expenditure, working capital and borrowings

We ended the period with a net debt position including lease liabilities of £70.4m (2021: £71.4m), comprising bank loans of £99.2m and lease liabilities of £0.8m, less cash of £29.6m. This slight decrease mainly reflects a reduction in lease liabilities due to the disposal of UWHS, offset by increases in working capital. The Group's Net Debt/adjusted EBITDA ratio remains low at around 1.0x (adjusted EBITDA of £73.7m used in this ratio represents operating profit of £50.9m plus impairment of goodwill of £1.5m, depreciation and amortisation of £20.3m and share incentive scheme charges of £1.0m).

Our net working capital position showed a lower year-on-year cash outflow of £10.4m (2021: cash outflow of £12.5m); this reflects the ongoing investment we make in supplying broadband routers to customers and increased trade debtors. Capital expenditure of £9.9m (2021: £10.0m) related primarily to our continuing digital transformation programme.

Financial Review

continued

Dividend

The final dividend of 30p per share (2021: 30p) will be paid on 5 August 2022 to shareholders on the register at the close of business on 15 July 2022 and is subject to approval by shareholders at the Company's Annual General Meeting which will be held on 26 July 2022. This makes a total dividend payable for the year of 57p (2021: 57p).

Our medium-term intention remains to gradually return to a dividend pay-out ratio of around 85% of adjusted EPS, whilst maintaining our long-standing progressive dividend policy with reference to profit evolution.

Share incentive scheme charges

Operating profit is stated after share incentive scheme charges of £1.0m (2021: £1.4m). These relate to an accounting charge under IFRS 2 Share Based Payments ('IFRS 2').

As a result of the relative size of share incentive scheme charges as a proportion of our pre-tax profits, and the fluctuations in the amount of this charge from one year to another, we are separately disclosing this amount within the Consolidated Statement of Comprehensive Income for the period (and excluding these charges from our calculation of adjusted profits and earnings) so that the underlying performance of the business can be clearly identified. Our current adjusted earnings per share have also therefore been adjusted to eliminate these share incentive scheme charges.

Taxation

A full analysis of the taxation charge for the year is set out in note 5 to the financial statements. The tax charge for the year is £12.2m (2021: £11.0m).

The effective tax rate for the year was 25.9% (2021: 25.2%), this remains higher than the underlying rate of corporation tax due mainly to the ongoing amortisation charge on our energy supply contract intangible asset (which is not an allowable deduction for tax purposes).

Nick Schoenfeld
Chief Financial Officer
21 June 2022

Principal Risks and Uncertainties

Background

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

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

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

Business model

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

The Group is able to secure the wholesale supply of all the services it offers at competitive rates, enabling it to generate a consistently fair level of profitability from delivering a great value bundled proposition to its customers. There is an alignment of interests between

the Group and its wholesale suppliers which means that it is in the interests of the suppliers to ensure that the Group remains competitive, driving growth and maximising their benefit from our complementary route to market. Furthermore, the group benefits from a structural cost advantage, due to the multiple revenue streams it receives from customers who take more than one service-type, and only having one set of overheads. The Group has alternative sources of wholesale supply should an existing supplier become uncompetitive or no longer available.

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

The Group's services are promoted using 'word-of-mouth' by a large network of independent Partners, who are paid predominantly on a commission basis. This means that the Group has limited fixed costs associated with acquiring new customers. The principal specific risks arising from the Group's business model, and the measures taken to mitigate those risks, are set out below.

Reputational risk

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

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

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

Principal Risks and Uncertainties

continued

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

Information technology risk

The Group is reliant on its in-house developed and supported systems for the successful operation of its business model. Any failure in the operation of these systems could negatively impact service to customers, undermine Partner confidence, and potentially be damaging to the Group's brand. Application software is developed and maintained by the Group's Technology team to support the changing needs of the business using the best 'fit for purpose' tools and infrastructure. The Technology team is made up of highly-skilled, motivated and experienced individuals.

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

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

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

Data security risk

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

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

The Information Commissioner's Office ('ICO') upholds information rights in the public interest and, where required, companies within the Group are registered as data controllers with the ICO. If the Group fails to comply with all the relevant legislation and industry specific regulations concerning data protection and information security, it could be subject to enforcement action, significant fines and the potential loss of its operating licence.

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

Legislative and regulatory risk

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

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

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

The regulatory framework for the UK's energy retail market, as overseen by Ofgem, is subject to continuous development. Any regulatory change decision could potentially lead to a significant impact on the sector, and the net profit margins available to energy suppliers. The current pace and extent of regulatory change is more substantial than in previous years. In addition to the industry-wide programmes of work, such as the rollout of smart meters, and a growing range of environmental and social obligations, Ofgem has been implementing a special package of reform measures. These special reforms have arisen in response to the 'energy crisis', which emerged in the autumn of 2021 and is associated with high wholesale energy costs and a consolidation of competition, with many new-entrant suppliers having ceased trading. The reforms cover the future of the price cap, assessing suppliers' financial resilience and compliance performance, and temporary interventions, in part, to protect suppliers from their financial exposures to the wholesale market. The Group tracks this changing landscape closely, to identify risks and opportunities, to prepare for any subsequent operational changes, and also to input directly into Ofgem's work.

The Group is also a supplier of telecoms services and therefore has a direct regulatory relationship with Ofcom. If the Group fails to comply with its obligations, it could be subject to fines or lose its ability to operate. The implementation of the European Electronic Communications Code will result in an increased regulatory burden and an even stronger Ofcom focus on compliance monitoring. Regulatory changes to the fixed line and broadband switching processes for next year are substantial and require cooperation from all fixed telecom providers. The Group is closely engaged in the relevant forums and industry groups to both influence and prepare for the changes.

The Group is authorised and regulated as an insurance broker for the purposes of providing insurance services to customers by the Financial Conduct Authority ("FCA"). In addition, the Group holds consumer credit permissions related to the provision of staff and Partner loans and hire purchases. If the Group fails to comply with FCA regulations, it could be exposed to fines and risk losing its authorised status, severely restricting its ability to offer insurance services to customers and consumer credit services to staff and Partners.

Recent regulatory changes relating to insurance pricing and future expected changes around increased consumer protections could have a significant impact on the financial services sector as a whole and will need to be implemented across the business. The Group is closely monitoring and keeping abreast of these regulatory developments in order to prepare the business for the upcoming changes in this sector.

In general, the majority of the Group's services are supplied to consumers in highly regulated markets, and this could restrict the operational flexibility of the Group's business. In order to mitigate this risk, the Group seeks to maintain appropriate relations with both Ofgem and Ofcom (the UK regulators for the energy and telecommunications markets respectively), the Department for Business, Energy and Industrial Strategy ('BEIS'), and the FCA. The Group engages with officials from all these organisations on a periodic basis to ensure they are aware of the Group's views when they are consulting on proposed regulatory changes.

Political and consumer concern over energy prices, broadband availability and affordability, vulnerable customers and fuel poverty may lead to further reviews of the energy and telecoms markets which could result in further consumer protection legislation being introduced. Political and regulatory developments affecting the energy and telecoms markets within which the Group operates may have a material adverse effect on the Group's business, results of operations and overall financial condition.

Principal Risks and Uncertainties

continued

The Group is also aware of and managing the impact of a developing regulatory landscape in relation to climate change and the Net Zero transition. We have recently appointed a new Head of Sustainability role to support us in implementing developments in relation to the environment and climate change.

To mitigate the risks from failure to comply with legislative requirements in an increasingly active regulatory landscape, the Group's Legal & Compliance team has developed and rolled out robust policies and procedures, undertakes regular training across the business, continually monitors legal and regulatory developments and has recently recruited additional members into the Legal & Compliance team in order to increase available capacity and expertise.

Financing risk

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

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

Bad debt risk

The Group has a universal supply obligation in relation to the provision of energy to domestic customers. This means that although the Group is entitled to request a reasonable deposit from potential new customers who are not considered creditworthy, the Group is obliged

to supply domestic energy to everyone who submits a properly completed application form. Where customers subsequently fail to pay for the energy they have used, there is likely to be a considerable delay before the Group is able to control its exposure to future bad debt from them by either switching their smart meters to pre-payment mode, installing a pre-payment meter or disconnecting their supply, and the costs associated with preventing such customers from increasing their indebtedness are not always fully recovered.

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

Wholesale price risk

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

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

The supply of energy has different risks associated with it. The wholesale price can be extremely volatile, and customer demand can be subject to considerable short-term fluctuations depending on the weather. The Group has a long-standing supply relationship with Eon (formerly npower) under which the latter assumes the substantive risks and rewards of buying and hedging energy for the Group's customers, and where the price paid by the Group to cover commodity, balancing, transportation, distribution, agreed metering, regulatory and certain other associated supply costs is set by reference to the average of the standard variable tariffs charged by the 'Big 6' to their domestic customers less an agreed discount, which is set at the start of each quarter; this may not be competitive against the equivalent supply costs incurred by new and/or other independent suppliers. However, if the Group did not have the benefit of this long term supply agreement it would need to find alternative means of protecting itself from the pricing risk of securing access to the necessary energy on the open market and the costs of balancing.

Competitive risk

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

The Directors anticipate that the Group will face continued competition in the future as new companies enter the market and alternative technologies and services become available. The Group's services and expertise may be rendered obsolete or uneconomic by technological advances or novel approaches developed by one or more

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

Infrastructure risk

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

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

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

Principal Risks and Uncertainties

continued

Smart meter rollout risk

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

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

Energy industry estimation risk

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

Gas leakage within the national gas distribution network

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

Acquisition risk

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

Virus outbreak risk

In the event of a disease or virus outbreak (or different variants of an existing disease or virus emerging) which are resistant to vaccinations and/or treatments, and which causes serious incapacity amongst those infected, the Company faces a number of risks including: (i) staff may be unable to attend their normal place of work and fulfil their normal duties due to falling ill or being required to self-isolate (either due to exposure to carriers of the virus/disease, or to reduce the likelihood of being so exposed); (ii) the Company may be required to shut Network HQ to prevent transmission of the virus/disease in the workplace; (iii) the efficiency of our operations may be reduced; (iv) we may be unable to recruit and train new members of staff; (v) customers may find it more difficult to contact the company; (vi) we may be unable to resolve faults and challenges faced by customers which require a visit to their home or other engineering works to be carried out; (vii) customers may stop paying their bills, or we may be required by the Government to offer payment holidays to customers in respect of their utilities (in a similar fashion to the mortgage payment provisions), putting pressure on the Company's working capital; (viii) we may be restricted from carrying out normal debt enforcement procedures including suspension of telephony services and installation of smart meters; (ix) the Company's Partners may find it more difficult to grow their businesses during a period when restrictions on movement are imposed by the Government; (x) we may be unable to visit customers' homes to install smart meters; (xi) the various providers of third party infrastructure used to supply our services may be unable to cope with the increased demands placed upon them; and (xii) churn could increase during periods when customers are isolated at home.

These are mitigated by: (i) the Company has proven technology to enable most employees to carry out their duties remotely; (ii) the demographic mix of our customer base is heavily skewed towards homeowners and older/retired customers; this means we are significantly less exposed to payment issues than most other providers of similar services; (iii) the Company has a strong balance sheet with modest gearing, and access to significant, recently refinanced, additional debt facilities (if required) to cover any temporary pressure on working capital; in extremis, these could be enhanced by a temporary suspension of the dividend; (iv) the Company has developed tools which are now in widespread use, enabling Partners to sign-up new customers, recruit new Partners, and to help existing Partners support new Partners remotely to teach them how to build their own successful UW business; and (v) the wide range of services provided to customers gives us significant resilience from a revenue and profit perspective against an external event which affects any individual revenue stream.

Climate change risk

Climate change has the potential to significantly impact the future of our planet. Everyone has a role to play in reducing the effects of harmful GHG emissions in our atmosphere and ensuring that we meet a 1.5°C target in line with the Paris Agreement. No business is immune from the risks associated with climate change as it acts as a driver of other risks and affects government decision-making, consumer demand and supply chains. In recognition of this, the Group has designated climate change as a standalone principal risk for our business and has assigned the Legal & Compliance Director as the owner for managing climate change risk.

We are committed to implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and this year, we have made our first set of disclosures consistent with the TCFD framework. Our TCFD disclosures can be found on pages 43 to 46 and includes our considerations of the specific risk implications to the Group arising from climate change.

We are developing our metrics and planning our targets to achieve Net Zero by 2040 in line with SBTi. To assist with this, we are working with third parties and have invested in software to develop and manage progress against our targets.

People and Organisation

Our people

Our 1,800 employees are at the heart of our business and vital to UW's success, supporting our self-employed Partners and providing award winning customer service.

Although we have 1,800 employees, we aim to treat everyone as an individual and as a valuable part of the UW community. We strive to create a sense of belonging and for everyone to feel welcome and included wherever they may work.

We offer fully remote working as well as smarter working (spending 2-3 days in the office and the rest at home) enabling our teams to work more flexibly and focus on outcomes.

Recruitment

Recruitment is any potential candidate's first 'window' into the company, so this is a critical focus for us. We ensure that we recruit, train and retain people who have the right skills, and care about making a positive contribution to the business. We continue to recruit new employees through our own in-house assessment process, which provides a high level of control over recruitment and quality, avoiding bias, and focusing on identifying the very best candidates for each available position. We also partner with external providers to ensure we can deal with the demand in hiring more customer service advisors and specialist roles to the business due to our increasing customer base and commercial growth ambitions.

Onboarding

All of UW's new employees attend welcome events on their first day to get excited about UW and our products. They also have a dedicated IT support session to confirm their equipment and system set-up has gone to plan and to ensure any issues can be ironed out on their first day. These welcome events are now possible to join remotely or in person to support the varied base locations of our new colleagues. In future we hope to offer several locations across the UK that remote employees can travel to more easily than our Colindale office if they'd like an in-person experience.

The majority of UW's new employees join our customer service teams. They attend a structured onboarding programme, designed to help them better understand UW and their role with us, and to equip them with the skills, knowledge and relationships they need to deliver a high standard of service to our customers and Partners.

After meeting other new starters and participating in UW welcome events on day one, our Customer Service Advisors begin product and service specific learning with their trainers in their teams. This Academy style approach to job specific learning 'in-role' includes some context and instruction on a topic upfront, observation of established colleagues handling that task and then some practice with feedback. Activities might include call listening and pairing up with colleagues to ask questions.

This approach has allowed us to craft more individual learning journeys and better accommodate a wider variety of hours / shifts than we had previously.



Learning and development

We're changing our Learning & Development ("L&D") offering. Last year we implemented our learning management experience platform ("Looop"), giving us greater flexibility in developing learning products, running campaigns and the ability to provide fully remote learning. This year we have significantly increased our L&D team to accelerate our ability to support the full breadth of the business in this phase of our growth.

We aim to offer a better holistic employee experience and help connect our people with who we are. We plan to launch a new L&D proposition designed to support everyone at UW and to help them connect, learn and grow.

Leadership and talent

We have recognised that with a significantly increased workforce comes a much larger people leader community. We are investing in creating new development journeys for all our leaders, with a focus on new leaders and the basics of leading a team.

In order to be much more proactive in our employee experience we are working to define how we view 'talent' at UW. Reviewing where critical people and critical roles exist so we can mitigate the risk of losing these people. We are also working to define how we attract, retain and grow talent faster, for people with very high levels of potential to progress.

Engagement

Engagement with our people includes formal and informal meetings. We have an employee forum ("The Purple Forum") which was formalised into a workforce advisory panel in accordance with the requirements of the Corporate Governance Code. The Purple Forum is sponsored by Co-CEO Stuart Burnett. The aim of The Purple Forum is to encourage transparent discussion, understand any challenges employees may face and identify areas for improvement. This forum is comprised of twelve nominated employees from across the business. Minutes of the meetings are kept with any action points followed up at the following meeting.

This is supplemented by a number of less formal channels of communication with our employees. During the year, we hold monthly townhalls, quarterly all hands, breakfast sessions, listening groups and Q&As with members of the executive leadership team. These are important vehicles for ensuring employees feel valued and listened to, whilst bridging the gap between employees and senior management.

We continue celebrating, bringing people together and recognising our achievements. This year we held summer/Christmas parties as well as birthday events, celebrating our Which? Awards and many more. In addition, each team receives a 'fun fund' monthly allowance of £5 per person to be used towards team bonding activities that they can enjoy together.



People and Organisation

continued

Health and wellbeing

Our employees' mental and physical wellbeing is equally a key priority. Everyone has access to our Employee Assistance Helpline, offering them and their families access to information, advice and professional counselling on a variety of personal and workplace issues. We provide mindfulness sessions, Pilates, yoga and meditation courses as well as keep-fit classes. We also offer appointments with our mental health nurses. We have three nurses who have continued to provide remote appointments, a benefit that is highly valued by our workforce. Employees can book appointments with them anonymously for free mental and physical health checks. We have added access to a Digital GP for all our employees as well as a health and wellbeing tool on our new My Benefits platform. The focus is to provide proactive, protective support for mental health and wellbeing.

Pay and reward

We review pay and benefits annually and employees benefit from an annual bonus. We remain committed to paying the Real Living Wage and London Living Wage whilst also awarding a standard 5.5% pay increase on the 1st April 2022.

In April 2022 we implemented a new 'My Benefits' platform with the aim to further promote our current offer and add additional benefits.

The Company operates an HMRC-approved employee share option plan, under which employees are granted options to purchase shares in the Company which are exercisable between three and ten years from the date of grant. The exercise price is the market price at the time of granting the option. Our policy is to issue options to all employees after the satisfactory completion of their probationary period, and additional options when 10 years' service has been completed and in other appropriate circumstances (e.g. promotion).

The Company also operates a Save As You Earn ("SAYE") share scheme.

As at 31 March 2022, there were outstanding options over 2.6m shares which had been granted to employees, representing approximately 3.2% of the issued share capital of the Company.

We encourage all employees to participate in a pension scheme operated by Scottish Widows. Participants can choose their own contribution level, which is matched by the Company up to a limit which varies according to length of service. As a result of pension auto-enrolment, the Company is contributing to the pension funds of virtually all employees, on a monthly basis.

We actively facilitate 'Access to Work' grants for employees who have a disability, physical health or mental health condition, seeking to provide practical support which enables them to continue working effectively.





We encourage talented people of different backgrounds, beliefs or any form of personal identity to be involved, respected and inspired to develop to their full potential.

Diversity and inclusion

Full and fair consideration is given to opportunities for employment, training, career progression and promotion on the basis of each individual's ability, attitude and track record, irrespective of their gender, ethnic origin, nationality, age, religion, sexual orientation or disability.

We consider it important for us as a business to have a diverse and inclusive workforce. We take actions to create an environment where we highlight, educate, inform, support and celebrate uniqueness – irrespective of our religious beliefs, cultural background, age, ethnicity, gender, disabilities or sexual orientation. We encourage talented people of different backgrounds, beliefs or any form of personal identity to be involved, respected and inspired to develop to their full potential. We are committed to creating an inclusive environment where everyone can bring their whole self to work, contribute their best work and develop to their full potential. We want to maintain an environment that reflects the diversity and characteristics of the customers and

communities we operate in and which is free from any form of harassment, bullying and discrimination. The focus we have on creating an inclusive environment is also supported by our Diversity and Inclusion Forum.

We're proud to have signed up to the Race at Work charter and its commitments. We've appointed an Executive Sponsor to make sure we have visible leadership on diversity and inclusion and help drive our culture and commitments forward. We have a board-level commitment to zero tolerance of harassment and bullying and we're against all forms of unlawful and unfair discrimination, whether that is verbal or written. We'll take appropriate action with those that don't follow this policy.

We have updated our Diversity & Inclusion ("D&I") policy and we've added a summary to our website. We'll continue to develop our D&I initiatives to support our goals over the coming year.

The table below sets out a breakdown of the gender diversity at various levels within the Group:

	2022		2021	
	Male	Female	Male	Female
Board	8	2	8	2
Senior Managers	31	24	29	10
Employees	818	668	1,250*	695*

**includes UWHS & Glow Green, UWHS left the Group on 31 March 2022 and Glow Green will be leaving once FCA change of control approval has been received*

The Board's position in relation to the Corporate Governance Code requirement to set out any existing measurable objectives in relation to Board diversity is set out in the Corporate Governance Statement on pages 52 to 53.

The Company publishes its Gender Pay Gap report each year in accordance with the requirements of The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017; a copy of the latest report available is at: www.telecomplus.co.uk/legal/corporate-information/gender-pay-gap-report.

Sustainability Report

Introduction

Fulfilling our Environmental, Social and Governance (ESG) responsibilities is integral to the Company. We do this by being a responsible and resilient business that delivers returns to investors over the long term, minimises negative impact on the environment and has a positive impact on the people we interact with.

The last year has been unprecedented - particularly in the energy sector which saw the implosion of the retail energy market following the sustained and unforeseen increases in wholesale gas prices with 30 energy suppliers exiting the market and energy regulator Ofgem having to step in to avoid further industry turmoil. However, with our differentiated business model, structural cost advantage and focus on long term sustainability, the Company has emerged from the energy crisis stronger than ever. We continue to be a trusted and reliable energy and home services provider for our customers and the strength of our business means that we can offer a secure and sustainable income for our Partners and continue to attract and retain talent.

We recognise that the current economic climate is causing a significant cost-of-living challenge for many people, including our customers, employees and Partners. To address this, we have increased our focus on financially vulnerable customers and are looking at additional ways to support them. For our employees, we remain committed to paying above the Real National Living Wage and the London Living Wage for those eligible and in March this year we announced a salary increase of 5.5% (above inflation) for all permanent employees with effect from 1 April 2022. We also continue to promote our Partner opportunity which offers a unique way to earn a flexible and reliable income by recommending the Company's multiservice proposition to others.

We are also acutely aware of the harmful effects of climate change on our environment and the potential

impact on our business - which is why we are focussed on moving towards a low carbon future and hitting our target of Net Zero¹ by 2040 with a credible transition plan. We also want to support our customers in reducing their own carbon footprint whether that's through our green Renewable Energy Guarantees of Origin ("REGO")-backed tariff, our new Smart Export Guarantee ("SEG") tariff or by helping them become more energy efficient by installing a smart meter.

The Board has ultimate responsibility for our ESG strategy and will be tracking our progress towards our goals. Our Legal & Compliance Director has overall responsibility for ESG, including defining, managing and delivering on our ESG strategy and is supported closely by our new Head of Sustainability who has day-to-day ownership of the ESG agenda and manages the cross-functional ESG Working Group. The Company also has an ESG Strategy Committee comprising the Executive Leadership Team, the Company Secretary, Head of PR & Communications and Head of Sustainability. This group meets quarterly to discuss our ESG strategy, goals, initiatives and progress thus ensuring a robust governance framework and tracking of progress against targets.

Our ESG strategy is underpinned by the views of our stakeholders, namely our customers, employees, Partners, investors, suppliers, Board and government/regulators. We seek to engage with all of these stakeholders on a regular basis to better understand the issues which are important to them and that are relevant to our business. In doing so, we have refreshed our materiality assessment which has provided us with a clear understanding of where our priorities should be and has informed our key ESG commitments for the year ahead. More detail on the materiality assessment and our overall approach can be found in our ESG Report, available at telecomplus.co.uk.

For FY22, we have therefore evolved our ESG strategy to focus on three key pillars:

Helping our communities thrive



Supporting a more sustainable future



Doing business responsibly



Helping our communities thrive

People are at the heart of our business, whether they are our customers, employees or Partners. The past year has been a difficult one for many people who are part of our wider community. The energy crisis, more recently the cost-of-living crisis and a second year of covid have all had significant and varying impacts on people's lives. As people try and cope with the difficult economic and social climate, we have continued to provide support to the different communities within the Company, including our customers, our employees, our Partners and our local communities.

Our goals and progress

Our customers

Our aim is to reliably serve our customers and provide them with high quality products and services. We help customers get on with life by providing all their essential home services under the UW brand, in one single monthly bill. We achieve this by enabling our customers to bundle together whichever services they want (energy, broadband, mobile and insurance), and benefit from a unique multiservice proposition that offers them simplicity, savings and award-winning service.

We recognise that cost-of-living pressures are increasing, and we have signed up to the Energy UK Vulnerability Commitment and are continuing to invest in our dedicated Ability to Pay team which provides specific and targeted support to customers who are struggling to pay their bills.

In addition, our partnership with Citizens Advice Plymouth helps customers by reviewing their income and expenditure, offering advice on budgeting and available benefits, and helping them prioritise spending in order to maximise their income available to pay for important household bills.

One of our other key priorities last year was protecting our customers' safety both online and offline, through the delivery of safe products and services and protecting our customers' data and privacy.

In terms of online security, we offer our fixed broadband customers eero routers which allow them to put in place parental controls to keep their families safe. Approximately 20% of our new fixed broadband customers bundle eeros with their broadband service.

To help inform our customers about security risks, we have created a "Stay Safe Online" page on our website. This page is designed to help our customers recognise scams; give tips on how to keep personal information safe whilst browsing online; and provide useful links to further guidance on this topic.

Protecting our customers' data and privacy is critical to our business. We have robust information security and data privacy policies and have introduced more controls around the appointment of authorised third parties (individuals who have authority to deal with certain aspects of an account on behalf of the customer). In addition, we have made improvements to our ID verification process, to ensure that customers are not sending confidential documentation through the post.

During the course of FY22, we have also made good progress on supporting deaf or hard of hearing customers to engage and communicate with us. Last year we implemented our SignVideo service, allowing customers using British Sign Language to communicate with our advisors via a video interpreter. We have also made content on our website available in a machine-readable format, allowing customers with sight issues to use screen readers.

New targets for FY23: Increase our efforts to support our vulnerable customers through the cost-of-living crisis, including:

1. Extending the scope of our Citizens Advice Plymouth initiative by increasing resource and committing more funding to the scheme.
2. Simplifying the process of identifying and tracking vulnerable customers, for example, by providing Customer Services Advisors with a template to help them capture vulnerable customer data, as well as giving customers a new self-service option to make it easier for them to self-certify as vulnerable.
3. Exploring charitable initiatives to help provide financial support for those in fuel poverty.

¹"Net Zero" as used herein means the Science-Based Targets Initiative ("SBTi") Net Zero definition, from the SBTi Net Zero Standard (<https://sciencebasedtargets.org/resources/files/Net-Zero-Standard.pdf>) pursuant to which we are committed to (a) reducing our scope 1, 2 and 3 greenhouse gas (GHG) emissions to zero or a residual level consistent with a 1.5°C pathway and (b) will neutralise the impact of any residual emissions by permanently removing an equivalent volume of GHG emissions.

Sustainability Report

continued

Our employees

Our aim is to attract and retain the best talent and make UW a great place to work. Our top priority business objective for FY23 is to build a great culture and environment for our people to grow. Inspiring and developing our people is critical to our business and enabling future growth.

Last year we set out a target to achieve a Glassdoor rating of over 4 and a 'recommended to a friend' measure of 80% by the end of FY23. As of 31 March 2022, we had achieved 3.8 and 67%. We hope to improve these ratings during FY23 and will be rolling out at least two more employee engagement surveys during the year to gain enhanced insights and feedback from employees and then respond with new initiatives that will further enhance our employee experience.

Having a diverse employee community and creating an inclusive culture for all employees to thrive is a key focus for UW. We have set targets for female and ethnically diverse representation. Our gender diversity target is that at least 40% of all management roles will be held by female employees by the end of FY25. As of 31 March 2022, 37.5% of all management roles were held by women, up from 30% the previous year.

On ethnicity, our target is that at least 30% of all management roles will be held by ethnically diverse employees by the end of FY25. We are taking the first step to achieve this by gathering data to understand where we are currently and the gap we need to fill. We have increased the extent of data we have on ethnicity from 3% to 40% and continue to build better insights. We still have work to do and aim to be in a position to track against our target over the course of the year.

We will continue to focus on improving diversity and inclusion and developing our people and culture to build employee satisfaction and loyalty, thereby reducing employee turnover.

New target for FY23: In addition to the targets above, our new target for next year is to increase our Employee Net Promoter Score ("eNPS") from -3 to +10 by the end of FY23.

Our Partners

We provide everyone across the UK, regardless of their education and experience, with the opportunity to earn a flexible income, as well as tools and learning to help them start and grow their own business by recommending UW's multiservice proposition to others. Our Partner opportunity is accessible to all and supports people to develop themselves professionally in a way that may not have been accessible to them before. Whilst earning an income is important to Partners, the benefits and social impact of being a Partner are much wider. For many Partners it increases their sense of self-worth, independence, and confidence.

We want to transform the lives of more people than ever before with the UW Partner opportunity. Our aim is for many more families across the UK to benefit from a reliable UW Partner income in order to supplement their household incomes. This is even more relevant as we see so many families struggle to make ends meet during the cost-of-living crisis.

Throughout the covid pandemic and now during the cost-of-living crisis we have continued to support our Partners with the following events and tools:

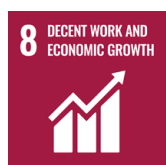
- Providing opportunities for Partner teams to collaborate and build their networks through online and in-person events such as our large-scale 'Power Up' and 'Amplify' events, Leading Lights events, Buzz events, Leadership days and Head Office days;
- Ensuring that Partners can continue to learn and develop their expertise by offering targeted learning and development sessions such as Power Zones, Breakout Sessions, and Find Out More spaces at our Power Up and Amplify events, as well as regular events with keynote speakers focused on learning and self-improvement; and
- Improving our Partner Portal and App which contains tools that enable Partners to learn more and develop their business.

Over the last year we have seen a strong increase in the number of Partners joining UW and continue to encourage new Partners to join us with more tools to help them build and maintain their business, thus supporting sustainable growth and Partner engagement.

Our local communities

Supporting local communities is very important to the Company. Through our UW Foundation, we encourage our employees and Partners to give back and raise money for charitable initiatives. We are pleased to have donated over £51,000 to charities during FY22 through the fundraising efforts of our employees and Partners, as well as through matched funding and charitable contributions from the UW Foundation. Examples of charities and local communities we have supported include:

- Plastic Oceans (now Oceans Generation), our partner charity for FY22, which aims to reduce plastic pollution in our oceans and waterways.
- The Childhood Trust which aims to support children in London who are living in poverty.
- The Felix Project which collects and delivers surplus food to local charities and schools in London so they can provide healthy meals to those most vulnerable.
- Great Ormond Street Hospital which treats seriously ill children and supports families through difficult times.
- Domestic Violence UK which provides frontline support for those suffering from domestic abuse.
- Alzheimer's Society which addresses the growing dementia crisis.
- Unitas which supports young people to get back into the workplace.



Supporting a more sustainable future

We are committed to working towards a more sustainable, low-carbon future. Climate change is a challenge we all must face and we want to play our part in the UK's path to net zero. We remain focused on providing our customers with energy-saving technology and reducing our own emissions.

Our goals and progress

Last year, we committed to becoming a Net Zero business by 2040 and to developing detailed Net Zero carbon target plans by the end of FY23. We recognise that over the past year, especially with COP26, focus on Net Zero has increased. For example, the UK Government published its UK Net Zero strategy in which it sets out that the UK will fully decarbonise its power system by 2035 and will be powered

entirely by clean electricity, subject to security of supply. We remain committed to Net Zero and during the year ahead we will develop our Net Zero transition plans including establishing science-based targets for emissions reductions. Our new Head of Sustainability (a new role created in recognition of our focus on climate change initiatives and sustainability) will take this forward, utilising the Achilles carbon management platform that we invested in earlier this year.

Over the past year, we focused on initiatives which would directly reduce the carbon emissions of our operations. Last year we set out a target to switch the electricity supply of all Company operations (including our headquarters in Colindale) to 100% zero carbon renewable electricity and are pleased to report that this target has been achieved. From 1 April 2022, the Company's own electricity supply is 100% renewable through deep-green (wind, solar and hydro only) REGOs and will reduce our Scope 2 emissions by 1,086 tonnes of CO₂ e per year.

Last year we set out our commitment to electrify the majority of our fleet of vehicles by 2026. During the course of FY22, we sold our fleet of 61 vans that were being used to operate our historic LED light bulb installation service. On 1 April 2022, we announced that we had completed the sale of our wholly-owned meter operator, UW Home Services Ltd ("UWHS") and that we had also agreed to sell, subject to the necessary FCA change of control approval, our 75% shareholding in Glow Green Limited ("Glow Green"). The sale of UWHS and proposed sale of our stake in Glow Green mean that going forward we will only own a very small fleet, some of which are in the EV category. These changes will be reflected in our Scope 1 carbon footprint reporting for FY23. As part of our commitment to develop our Net Zero transition plan we will also consider where we can influence and support the transition to low carbon transportation beyond our direct control.

We recognise the need to prioritise investment in de-carbonisation, and understand that while offsetting emissions is not a solution, in the short term it allows some contribution to the transition to Net Zero. With this in mind where it is not possible to reduce our scope 1 and 2 emissions we will continue to use appropriate, Verified Carbon Standard ("VCS") accredited, offsetting projects. To offset our FY22 Scope 1 and 2 emissions, we worked with our offsetting partner Abatable to purchase 2,840 tonnes of carbon credits from Rimba Raya, our preferred VCS-accredited carbon reduction project in Indonesia.

Sustainability Report

continued

The Rimba Raya Project, on the island of Borneo, aims to preserve carbon-dense tropical peat swamp by halting the deforestation of roughly 47,000 hectares of forest which were originally due to be converted to palm oil plantations. The Project works with and supports local communities to protect biodiversity conservation. It focuses on both community development for the 2,500 households living in the area, and biodiversity conservation, particularly protection of 105,000 endangered Borneo Orangutans. It actively engages local communities to improve food security, income, healthcare, and education, all with the support of carbon finance. It is the first project to have been validated by SD VISTA as contributing to all 17 SDGs.

As a reseller of home services, the majority of our carbon emissions are Scope 3. Given that we do not make or generate the services we offer, our influencing of Scope 3 emissions depends on the choice of wholesale suppliers, the contracts we have with them and our continued engagement with them in order to seek to reduce Scope 3 emissions through a lower carbon product and service offering. Reducing Scope 3 emissions also depends on our ability to influence customer choice and behaviour. We recognise that we have a lot more to do in order to effect a meaningful reduction of our Scope 3 and will be committing to a roadmap for decarbonising our Scope 3 emissions in our Net Zero transition plan. We will also continue to work closely with our key suppliers, including E.ON - our wholesale energy supplier - to minimise our Scope 3 emissions wherever possible.

We remained fully committed to offering our multiservice customers our Green (REGO-backed) Tariff. Our Green Tariffs are REGO (Renewable Energy Guarantees of Origin) backed, so for every unit of electricity our customers use, we buy a REGO certificate to match. Over the last year, the volume of REGO-backed tariffs we sold increased by 89%.

To support low-carbon energy generation, our Smart Export Guarantee ("SEG") tariff pays self-generating households for any excess renewable electricity they don't use themselves and export to the grid. We recognise that we should do more to support self-generation and therefore we are committing to roll out a new and increased SEG tariff for multiservice customers during FY2023. We are pleased to report that from 1 May 2022, new and existing generators who take a three or four service bundle from us will benefit from one of the most competitive export rates available on the market today - at 5.6p/kWh compared to 2p/kWh for our current

standard export tariff. By raising the SEG tariff rate we pay, self-generating households can increase the benefit they get from investing in renewable electricity.

Last year we also committed to installing smart meters in 70% of our customers' homes by the end of FY2022 and 85% by the end of FY2023. While we have made good progress, we did not quite reach our target for this year and had a smart meter penetration of 64% at the end of FY22. This shortfall was partly driven by the challenges of the covid pandemic on home installation and partly due to the strong influx of new energy customers from other suppliers during H2 where there was lower smart meter penetration. We will continue to focus on rolling out smart meters, including encouraging new customers to take up smart meters. We have updated our target and are now aiming for 68% of our customers to be benefiting from smart meters in their home by the end of FY23.

Last year we committed to providing our Partner with low carbon incentives. We already give Partners the option to select low carbon incentives, such as: a Tesla, electric Mini, electric bike, holiday break at an eco-hotel. We will continue to provide low carbon incentives to Partners in the future.

UW Foundation

We will continue to contribute 1% of our reported annual profits to the UW Foundation which will cover our ongoing commitment to tree planting at Bryn Arw (see below for more information on the UW Woodland), as well as our charitable giving initiatives. For FY23, we will support the following two charities that fulfil the UW Foundation's stated objectives of supporting disadvantaged groups and having a positive impact on the environment:

- The UK's Disaster Emergency Committee Ukraine Humanitarian Appeal, supporting those in Ukraine in need of humanitarian aid due to the war.
- The Wildlife Trust, our new partner charity of the year, which aims to save wildlife and wild places to ensure 30% of the UK's land and seas are protected for nature's recovery by 2030.

In FY22, staff and Partners raised a total of £20,000 for charities and the UW Foundation paid out a total of £225,000, of which £193,500 went to support the UW Woodland at Bryn Arw and £31,500 was donated to charities.

UW Woodland

Since 2020, the UW Foundation has also been supporting a tree planting project at Bryn Arw in the Brecon Beacons National Park. Bryn Arw is the first significant tree-planting project on common land in Wales. It lies on a steep eastern slope which has become infested with bracken, greatly reducing its value for sheep farming and wildlife and preventing the regeneration of native trees.

The project is working to the Woodland Carbon Code, the quality assurance standard for woodland creation projects in the UK. The Code ensures that high standards of sustainable forest management and carbon management are followed alongside assurance of carbon units generated by the project. Extensive consultation was also carried out involving the local community and environmental organisations including the South Wales Wildlife Trust, Buglife and the Reptile Society.

After initial bracken removal the woodland was planted with a mix of broadleaf native hardwood species, including oak, birch, hazel, wild cherry and goat willow. An intensive 5-year annual bracken removal programme is being

undertaken to ensure the early growth of the trees. The species mix is designed to reflect the remnant ancient semi-natural woods in the area. The saplings are all sustainably sourced and grown in Shropshire under the 'UK and Ireland Sourced and Grown' ("UKISG") scheme. As well as future carbon capture, the UW Woodland will become a valuable natural asset and vital habitat linkage between other remnant woodlands in Bryn Arw. It is also creating jobs and training opportunities for the local community.

A tree is planted in the UW Woodland every time a multiservice customer joins the Company and every time a member of staff achieves their 5-year anniversary with us. Since commencing the project in 2020, we have planted 117,400 trees and in November 2021, we agreed with Stump Up for Trees to support the next phase of woodland planting.

We are proud of what we have achieved at Bryn Arw to date and remain committed to continuing to work through the UW Foundation to plant additional native broadleaf woodlands in the UK.



Sustainability Report

continued

Carbon reporting - Greenhouse gas (“GHG”) emissions statement

Our GHG reporting year is the same as our financial year. Our reporting covers our UK-based Scope 1 (direct emissions from our own operations), Scope 2 (indirect emissions from the generation of purchased energy), as well as several Scope 3 emission sources (primarily our customers’ energy usage). We do not have any non-UK operations. This year we were able to increase the scope of our reporting to include the operational electricity use of 1p Mobile, UWHS, Glow Green Limited and Cofield Limited, as well as Glow Green’s fleet emissions. We have not rebased the FY21 reported data due to data availability, and we plan to use FY22 as our baseline for any emissions targets we set as part of our Net Zero transition plan.

Overall GHG efficiency (Scopes 1, 2, and 3) per unit of revenue has improved by 4.2%. Absolute Scope 1 and 2 emissions decreased by 1.4%. Our Scope 1 reported emissions saw a small increase of 0.8%. This was due to gas use for heating in our offices increasing from FY21 due to increased office use following the covid pandemic. Whilst emissions from our fleet of vans decreased due to the sale of the fleet part way through the year, this

reduction was offset by the inclusion of the Glow Green fleet in reporting for the first time. Scope 2 emissions decreased by 4.6% overall, partly from a reduction in absolute electricity use in our offices and partly from the reduction in carbon intensity of UK grid electricity emissions factors.

Our Scope 3 emissions have increased 7.6%, due to the increase in volume of energy sold. Given our reseller business model and in particular, the nature of our wholesale energy supply arrangements, we will continue to work closely with E.ON in order to seek to influence and reduce our Scope 3 emissions. Decarbonising our Scope 3 emissions will be included in the scope of our Net Zero transition plan that will be developed over the coming year.

Our Streamlined Energy & Carbon Report framework has been prepared and verified in accordance with the requirements of the measure-step of the Toitū carbon marks, which is based on the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and ISO 14064-1:2018 Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals.

	FY22 1 April 2021 to 31 March 2022		FY21 1 April 2020 to 31 March 2021	
	UK and offshore	Global (excluding UK and offshore)	UK and offshore	Global (excluding UK and offshore)
Emissions from activities for which the company own or control including combustion of fuel & operation of facilities tCO ₂ e (Scope 1)	1,755	N/A	1,742	N/A
Emissions from purchase of electricity, heat, steam and cooling purchased for own use tCO ₂ e (Scope 2, location-based)	1,086	N/A	1,138	N/A
Total gross Scope 1 & Scope 2 emissions tCO ₂ e	2,840	N/A	2,880	N/A
Total gross Scope 1 & Scope 2 emissions tCO ₂ e (all)	2,840		2,880	
Energy consumption used to calculate above emissions (kWh)	11,489,879	N/A	11,496,817	N/A
Gas (kWh)	275,432	N/A	195,009	N/A
Electricity (kWh)	5,112,893	N/A	4,882,710	N/A
Transport fuels (kWh)	6,101,554	N/A	6,419,099	N/A
Other energy sources (Scope 1 & 2) kWh	N/A	N/A	N/A	N/A
Total gross Scope 1 & Scope 2 emissions by unit turnover/revenue (tCO ₂ e/£M)	2.94		3.34	
Methodology	ISO14064 Part 1 2018 and Carbon Reduce		GHG protocol	
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing of the fuel tCO ₂ e (Scope 3)	N/A		N/A	
Emissions from other activities tCO ₂ e (Scope 3)	1,856,462		1,725,129	
Total gross Scope 3 emissions tCO ₂ e	1,856,462		1,725,129	
Total gross Scope 1, Scope 2 & Scope 3 emissions tCO ₂ e	1,859,302		1,728,009	
Total gross GHG emissions per unit turnover/revenue (tCO ₂ e/£M)	1,921		2,007	
Third Party verification	Scope 1 and 2 verified to ISO14064 Part 1 2018 and Carbon Reduce		Data not third party verified	

Sustainability Report

continued

Energy efficiency initiatives

The building layout of our headquarters at Colindale allows for individual floors to be isolated when not in use. This allows the zoning of the LED lighting control to mirror how teams use the space with local sensor control to avoid wastage. The Company has implemented a number of the recommendations outlined in both the ESOS Phase I & II audit reports, for example increasing the temperature set point in the large server rooms with monitoring of temperature in the event of failure, upgrading warehouse lighting to LED, ensuring air conditioning units are time-controlled with appropriate temperature set points, and dead band control strategy. During the course of FY22, the Company sold its fleet of 61 vans that were being used to operate our historical LED light bulb installation service.

New targets for FY23: As well as continuing to deliver on the existing targets set out above, and developing a detailed Net Zero transition plan by the end of FY23, we will also look to support a more sustainable low-carbon future by:

1. Rolling out a new Smart Export Guarantee tariff (for multiservice customers) that offers a much more competitive rate for self-generating households.
2. Installing smart meters in 68% of our customers' homes by the end of FY23.



Doing business responsibly

We aim to work with all our stakeholders in an ethical and transparent way in order to inspire trust in our company. Running our business in a fair, open and accountable manner is critical as we look to the future and our growth prospects. Our systems and processes are built and developed to ensure the highest standards of data security and business continuity.

Our goals and progress

A key focus over the last year has been on demonstrating the strength and resilience of our business during the energy crisis. Last year, we committed to ensuring reliability of supply, service and product delivery through periods of uncertainty. That commitment has never been more relevant. To date, 30 energy suppliers have failed and others are fighting to stay in the business. Many of these providers had been offering unsustainably cheap tariffs, were insufficiently hedged and were thus unable to absorb the higher wholesale costs faced by all suppliers. However, we are and always have been focussed on building a sustainable business model that is underpinned by sustainable pricing for our customers. During H2, we saw an influx of customers from failed suppliers and were able to offer them a sustainably priced product below the price cap with guaranteed reliability of supply.

We have bolstered our Energy Compliance & Regulatory team to ensure that we keep abreast of changes to energy regulation. This includes the numerous Government and Ofgem interventions being announced in order to ameliorate the impacts of the energy crisis on suppliers and consumers alike. We are now proactively sharing our views with BEIS, Ofgem and industry bodies whether through CEO round tables, technical working groups, industry forums, regulator bilateral meetings or consultation responses to advocate for a more fair and transparent industry regulation model that focuses on long term stability.

Last year, we also committed to introducing a new Supplier Code of Conduct and ensuring that all new suppliers sign up to it by the end of FY23. We are pleased to report that we have met this target. A new Supplier Code of Conduct was introduced in July 2021. All new suppliers are now required to sign up to the Code and existing suppliers will sign up when their contract is being renewed.

We are committed to respecting Human Rights across our business and our supply chain and have a Human Rights Policy which covers human rights, modern slavery and forced labour. Our Board have approved a Modern Slavery and Human Trafficking Statement in compliance with section 54 of the Modern Slavery Act 2015, which is available on our website.

Last year we committed to further develop our ESG governance structure to help us and our Board assess and manage ESG risks including supply chain and climate risks. We have made excellent progress in this regard with the hire earlier this year of our new Head of Sustainability. This new role demonstrates our commitment to ESG and sustainability and further enhances our governance structure. The Head of Sustainability will have day-to-day ownership of the ESG agenda, will manage the cross-functional ESG Working Group and importantly will play a key role in developing, managing and driving forward our Net Zero transition plan.

The Company also has an ESG Strategy Committee comprising the Executive Leadership Team, the Company Secretary, Head of PR & Communications, and Head of Sustainability. This group meets quarterly to discuss our ESG strategy, goals, initiatives and progress thus ensuring a robust governance framework and tracking of progress against targets.

The Legal & Compliance Director also provides monthly updates to the Board on ESG.

Moreover, we have developed and improved our climate risk reporting consistent with TCFD recommendations. Our TCFD disclosures can be found on pages 43 to 46 of this report.

New targets for FY23:

1. Enhancing Board independence and effectiveness through changes to the composition of the Board.
2. Having at least 33% female representation on the Board by the end of FY23.

Progress has already been made in this regard with the Board changes announced on 14 March 2022, namely that in order to redress the historical imbalance in the proportion of independent non-executive directors, with effect from the Company's Annual General Meeting in July 2022, Charles Wigoder will become Non-Executive Chairman, and Melvin Lawson and Julian Schild will retire from the Board.

We are also pleased to report that we have appointed a new independent non-executive director, Carla Stent, who will join the Board with effect from the Annual General Meeting and will chair the Audit Committee. With Carla's appointment, our female representation on the Board will be 37.5%.



Sustainability Report

continued

Section 172(1) statement

Background

The Companies Act 2006 (the “Companies Act”) sets out a number of general duties which directors owe to the Company. New legislation has been introduced to help shareholders better understand how directors have discharged their duty to promote the success of the Company, while having regard to the matters set out in section 172(1)(a) to (f) of the Companies Act. In the current financial year, the directors continued to exercise

all their duties, while having regard to these and other factors as they managed and governed the Company on behalf of its shareholders.

Engaging with key stakeholders

The success of the Company is dependent on building positive relationships with all of our key stakeholders to deliver long term sustainable success.

The table below sets out details of engagement with key stakeholders.

Stakeholder	Details
Shareholders	As owners of the Company we rely on the support of shareholders and their views are important to the Board. The executive directors have an open dialogue with our shareholders through one-to-one meetings, group presentations with analysts, and at the Annual General Meeting. Discussions with shareholders cover a wide range of topics including financial performance, strategy and outlook. The non-executive directors engage with institutional shareholders on matters of governance and remuneration. Shareholder feedback, along with details of significant movements in the shareholder base are regularly reported to and discussed by the Board and, where appropriate, their views are sought as part of certain decision-making processes.
Partners	The Company relies on the Partners within its independent distribution network for gathering new customers. Communication with our Partners is a key focus for the business and is conducted through various meetings, forums and large-scale conferences. Where appropriate, Partner feedback is sought when significant changes are being considered to the operation of the distribution network.
People	Employees are key to the Company delivering award-winning services to customers. There are many ways we engage with and listen to our employees including weekly email updates, employee surveys, forums, face-to-face briefings, and an internal company magazine. Key areas of focus include company development and strategy, health and well-being, development opportunities, pay and benefits. Regular reports about what is important to our employees are made to the Co-CEOs ensuring consideration is given to employee needs.
Customers	We build long-lasting relationships with our customers as evidenced by our low levels of churn. We devote considerable resources to understanding customer requirements and soliciting feedback from them on ways to improve our offer and services. We use this knowledge to inform our strategy of helping customers to “get on with their lives” by offering savings, simplicity and service across all the household services we are providing to them.
Suppliers	As a reseller we are required to work closely with our key suppliers to ensure that we are delivering the best possible combination of value and service to our customers; our success in achieving this is demonstrated by the numerous endorsements and consistent recommendations we receive from Which? The interests of our suppliers are strongly aligned to our own as the number of customers we are able to attract has a direct impact on their own financial performance and market share. This generates close and supportive relationships with our key suppliers which are fostered through regular interaction at a senior management level.

Community	We are committed to building positive relationships within the communities where we operate. We are a significant employer in the local community around our head office and support a number of charitable activities. We have recently set up the UW Foundation to further these endeavours. Our Partner business opportunity allows a range of people from communities across the UK to advance their lives, driving our strategy to help Partners to “get on in life”.
Regulators	We operate in highly regulated markets and understand the importance of maintaining a constructive working relationship with Ofgem, Ofcom and the FCA, who between them are responsible for the regulation of the diverse range of services we offer. We engage with officials from these regulators as necessary to make them aware of the Company’s views when they are consulting on proposed regulatory changes, or if there are competition issues that need to be raised with them.

Further s172 factors

Further information as to how the Board has had regard to the s172 factors:

Section 172 factor	Key examples	Page
The likely consequences of any decisions in the long term	Sustainability Report	31
The interests of the Company’s employees	People & Organisation Report	27
Fostering business relationships with suppliers, customers and others	Co-Chief Executives’ Review	8
The impact of the Company’s operations on the community and the environment	Sustainability Report	31
Maintaining a reputation for high standards of business conduct	Sustainability Report Corporate Governance Statement	31 51
The need to act fairly between members of the Company	Corporate Governance Statement Directors’ Report	51 83

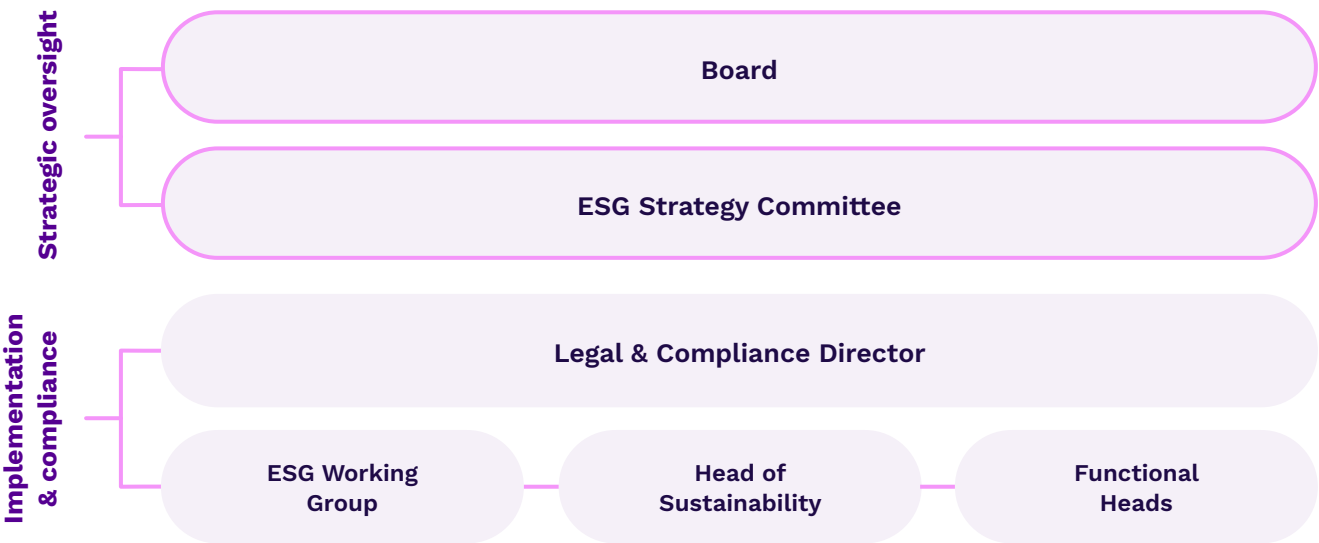
Task Force on Climate-related Financial Disclosures

Introduction

We recognise that climate change is the single biggest environmental threat to the future of our planet and that companies have an important role to play in reducing the effects of harmful GHG emissions in our atmosphere and ensuring that we meet a 1.5°C target in line with the Paris Agreement. As a multiservice provider of home

services, we too must play our part and that is why we are committed to implementing the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”). We acknowledge the importance of TCFD in helping us manage the impact of climate change on our operations and advance towards our Net Zero target. This is our first year of disclosure consistent with the TCFD framework.

Governance



The Board has ultimate responsibility for climate-related risks and opportunities. The Legal & Compliance Director prepares regular board updates on ESG, including TCFD/ climate-related matters.

The ESG Strategy Committee supports the Board in its strategic and operational oversight of climate change. The Committee considers and monitors climate-related goals and initiatives as well as associated risks. The Committee is composed of the Executive Leadership Team, Company Secretary, Head of PR & Communications, Head of Sustainability and is chaired by the Legal & Compliance Director who updates the Board. The Committee meets quarterly and receives updates on TCFD and the wider ESG programme from the ESG Working Group.

The ESG Working Group manages the day-to-day climate-related risks and issues on behalf of the ESG Strategy Committee, meeting and reporting back regularly as part of the broader ESG agenda. The Working Group is headed up by our Head of Sustainability and is supported by external ESG consultants, as required.

Strategy

This year we engaged external climate experts from one of the Big 4 consulting firms, alongside our ESG consultants, to assist us with conducting qualitative climate scenario analysis to identify the actual and potential impacts of climate-related risks and opportunities on our business and to understand the associated effects and mitigation measures.

Given the potential impact of climate change on our future strategy, it was important that we achieved full engagement from senior stakeholders across the business. Our Co-CEO, CFO, Vice President of Operations (Energy, Sales & Service), Head of Product, Telecoms Director, Head of Insurance and Legal & Compliance Director were among those who participated in and actively engaged with our climate scenario analysis - including at a key collaborative workshop during which our risks and opportunities were challenged, validated and prioritised. This multi-functional participation as well as inputs from Board and senior management level have helped us to build a solid

understanding and appreciation of how climate change can impact key aspects of our business and helped us to lay the foundation for our TCFD journey over the coming years.

The qualitative scenario analysis undertaken is intended to provide us with credible examples of potential exposure. We considered physical and transitional risks and opportunities which may arise in the short (less than five years), medium (five to 10 years) and long term (over 10 years). We used two plausible scenarios, one of a world which warms by 1.5°C and one which warms by 4°C compared to pre-industrial levels. Each of these scenarios was rooted in the commonly used Shared Socio-economic Pathway and Representative Concentration Pathway, in line with leading practice and in common with the methodology used by the Intergovernmental Panel on Climate Change.

The 4°C scenario focuses on systematic failure to address climate change. It assumes limited policy or regulatory

support for decarbonisation and focuses on several physical risks. The 1.5°C scenario focuses on a world which rises to the challenge of tackling climate change and limits global warming to below 1.5°C. This scenario focuses on transition risks associated with the rapid changes needed by 2030 to cut emissions in line with the Paris Agreement, including: carbon pricing, increasing manufacturing and raw-material costs; and changes in consumer behaviour and consumption patterns, leading to potentially significant changes in demand for certain goods and services.

Scenario analysis result and mitigation

A comprehensive list of risks and opportunities, both physical and transitional, were identified through our scenario analysis. In the tables below, we have set out risks and opportunities which we analysed in greater detail as part of a deep dive into our most material issues.

Risks

	Adverse impact of climate-related policy and regulatory change	Failure to respond to shifting consumer sentiment for green products and services	Failure to demonstrate credible transitional action on climate change
Description	The Company fails to adequately prepare for and adapt to the market-wide risk of climate-related policy and regulatory changes.	The Company's reseller model means that it may be less able to adequately respond to the growing demand for green products and services, stemming from shifting consumer sentiment, investor pressure and regulatory changes, potentially resulting in the Company's offering becoming less competitive for the growing number of green-conscious customers.	The Company transitions to a low carbon model more slowly than societal expectations and is unable to demonstrate credible action on climate change, including a comprehensive Net Zero roadmap.
Risk priority	High	High	High
Risk type	Transition	Transition	Transition
Impacts	Increase in costs, decrease in profitability.	Decrease in revenue from non-renewable energy tariffs which may impact upon the demand for our multiservice bundle offering (driven by falling consumer demand, lower demand for multiservice bundling if one or more services become less attractive because of non-green credentials, as well as churn of existing customers due to their evolving expectations).	Decrease in revenue from non-renewable energy tariffs (driven by lower consumer demand), more difficult to attract and retain employees (driven by lower employee demand and higher attrition), and reduction in access to some forms of financial capital (lower investor demand / divestment).
Time period	Medium term	Short, medium and long term	Medium term

Task Force on Climate-related Financial Disclosures **continued**

Management response	Continue to perform horizon-scanning, compliance and regulatory monitoring and regularly engage with government and regulators to keep ahead of upcoming developments in the regulatory landscape. Continue to participate in consultations and industry forums.	Conduct market research and continue to engage with customers on a regular basis through ESG surveys in order to monitor any changes in consumer sentiment and expectation to inform future strategy. Engage with our current energy, telecommunications and financial services suppliers on climate-related issues, and green products and services. Embed climate considerations into decisions on strategic wholesale supply agreements. Continue to encourage customer take-up of green services such as our green REGO-backed tariffs and our Smart Export Guarantee tariff (recently increased to a more competitive rate). Continue to research and develop new greener products and services to increase green product offering.	Develop and implement a credible climate transition plan over the course of FY23 to inform and plan our roadmap to Net Zero by 2040. Continue to engage key stakeholders on climate change to keep abreast of shifting sentiment and evolving expectations.
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Opportunities

	Build a credible low carbon service proposition	Diversification of financial assets
Description	The Company is able to support and harness the low carbon transition through product and service diversification and in doing so becomes a credible low-carbon multiservice provider.	The Company is able to diversify its financial assets and take on new forms of financing linked to its sustainability performance.
Opportunity priority	High	Medium
Opportunity type	Transition	Transition
Impacts	Increase in revenue and profitability (through higher customer demand, customer loyalty and lower churn), enhanced reputation, increased ability to attract and retain employees, higher investor demand.	Increase in access to and diversification of financial capital.
Time period	Short and medium term	Short term
Management response	Conduct market research and continue to engage with customers on a regular basis through our ESG surveys to understand customer demand and importance of green utilities to them. Consider how our services and products can be further adapted to cater to an increasingly green conscious consumer. Demonstrate credible progress on climate change, including a comprehensive Net Zero roadmap.	Consider viability and impact of new forms of financing such as green bonds and / or sustainability-linked loans.

Risk management

Taking into account the impact of the climate scenarios we analysed, we consider that we are resilient to the risks assessed and the business is well placed to manage those risks and take advantage of the opportunities presented by climate change.

The identification, assessment and management of climate-related risks are considered as part of our wider risk management framework which is detailed on page 20 of this Report. The Audit Committee has overall responsibility for management and oversight of our risk management framework.

Climate change risk has been identified, evaluated and designated as a standalone risk on our internal risk register and our Legal & Compliance Director has been assigned as the owner. Climate change risk is set out on page 26 of this Report as one of our new principal risks.

This year we created a new Head of Sustainability role. Our recently appointed Head of Sustainability will play a key part in supporting our Legal & Compliance Director and the ESG Strategy Committee in integrating climate-related risks and opportunities into our overall strategy and risk management framework.

Metrics and targets

Last year we announced our target to be Net Zero by 2040. Over the coming financial year, we will set targets that align with the Science Based Targets Initiative's Corporate Net Zero Standard. We have invested in software and engaged a third-party to help us develop and set these targets.

We used our greenhouse gas emissions as the key metric to identify and mitigate risks and assess our progress against our commitment to be Net Zero. Our carbon reporting follows the Greenhouse Gas Protocol and this year our Scope 1 and Scope 2 emissions have been externally verified through Achilles Information Limited's Carbon Reduce Programme. Our greenhouse gas emissions statement is set out on page 37.

Next steps

As a priority for the year ahead, we will develop and implement a credible climate transition plan as part of our roadmap to achieving Net Zero by 2040. We will also continue to engage our key stakeholders on climate change to ensure that it is embedded into our wider strategy.

As we continue to develop our approach, we will look to conduct quantitative modelling to inform the financial impacts of our climate-related risks and opportunities.

Listing Rule 9.8.6R(8) Compliance Statement

By including the climate-related financial disclosures set out above which are consistent with TCFD recommendations, Telecom Plus PLC has complied with all of the requirements of LR 9.8.6R(8).

Strategic Report approval

The Strategic Report set out on pages 2 to 46, which incorporates the Financial and Operating Highlights, the Chairman's Statement, the Co-Chief Executives' Review, the Financial Review, Principal Risks and Uncertainties, People and Organisation, Sustainability Report and Task Force on Climate Related Disclosures Report, has been duly approved by the Board.

By order of the Board
David Baxter
Company Secretary
21 June 2022

Board of Directors

The Hon. Charles Wigoder, Executive Chairman

Appointed: 13 February 1998

Charles qualified as a Chartered Accountant with KPMG in 1984 and was subsequently employed by Kleinwort Securities as an investment analyst in the media and communication sectors. Between 1985 and 1988, he was head of corporate finance and development at Carlton Communications PLC and then Quadrant Group PLC. In March 1988 he left Quadrant Group to set up The Peoples Phone Company PLC, where he served as CEO; it was subsequently purchased by Vodafone in December 1996. He joined the Company as CEO in February 1998, becoming Executive Chairman in 2010.

External appointments: None.



Beatrice Hollond, Senior Independent Non-Executive Director

Appointed: 26 September 2016

Beatrice spent 16 years at Credit Suisse Asset Management in Global Fixed Income and began her career as an equity analyst at Morgan Grenfell Asset Management.

External appointments: Beatrice is a main board Director and Chair of Remco (US) and Chair of the International Advisory Board (UK) of Brown Advisory, senior independent non-executive director, member of the Management Engagement; Nomination & Remuneration and Audit & Risk Committees at Templeton Emerging Markets Investment Trust, Chair at Millbank Financial Services Limited, Chair of F & C Investment Trust PLC, and adviser to a private family office where Beatrice is also Chair of the Investment Advisory Committee and a member of Remuneration & Governance Committees. Beatrice is a main board director and Chair of Oldfield & Co and a director of Smedvig AS.



Andrew Lindsay MBE, Co-Chief Executive Officer

Appointed: 25 November 2008

Andrew joined the Company in April 2007 and was appointed to the Board in November 2008. Before joining Telecom Plus, Andrew was Managing Director of Ryness, an electrical retail chain based in London in which he previously held a significant equity stake after performing a Management Buyout in 2006. Prior to buying Ryness, he spent three years as an analyst in the UK Mergers & Acquisitions team at Goldman Sachs. Andrew rowed for Great Britain at the Sydney Olympic Games in 2000, where he won a Gold medal.

External appointments: Andrew is a non-executive director at Mixergy Limited.



Stuart Burnett, Co-Chief Executive Officer

Appointed: 23 July 2020

Stuart was promoted to Co-CEO in 2021, after two years as COO, and is responsible for all operational activity across UW including day-to-day management of UW's Energy, Telecoms and Financial Services businesses.

He joined the Company in 2016 as Legal & Compliance Director and then moved on to become Commercial Director, managing all commercial activity, including our key commercial relationships and customer proposition, before becoming COO in 2019. Stuart began his career as a corporate lawyer at Slaughter & May after reading law at Oxford University. He then worked in senior roles at RSA Insurance Group PLC and TSB Banking Group PLC, prior to joining the Company.

External appointments: None.



Nick Schoenfeld, Chief Financial Officer

Appointed: 7 January 2015

Nick joined the Company in January 2015 as Chief Financial Officer. Since 2006, Nick was Group Finance Director of Hanover Acceptances, a substantial diversified private company with holdings in the food manufacturing, real estate, and agribusiness sectors. He was previously employed at Kingfisher plc, where he was responsible for the group's financial planning and analysis functions. Prior to this, he held senior strategic and development roles within Castorama and the Walt Disney Company, having started his career as a management consultant at the Boston Consulting Group. Nick also has an MBA from the Harvard Business School.

External appointments: None.



Andrew Blowers OBE, Non-Executive Director

Appointed: 22 November 2016

Andrew's career spans over 30 years in the UK financial services industry. He was the founder and CEO of Swiftcover.com and Chairman of IIC NV from 2004 to 2009 and an executive director of Churchill Insurance before this. He was also the senior independent non-executive director of AA PLC, the UK's leading provider of roadside assistance, and the Chairman of ATEC Group Limited, a specialist digital insurance group.

External appointments: Andrew is the Chairman of AA's Insurance holding company (AAIHL).



Board of Directors

continued

Melvin Lawson, Non-Executive Director

Appointed: 27 September 2006

Melvin is an investor in a number of public and private companies in the real estate and technology sectors. He was previously the Managing Director of A Beckman PLC, a company formerly listed on the London Stock Exchange which was taken private in 1995.

External appointments: Melvin is a non-executive director of Catalyst Media Group PLC and a number of other private companies.



Julian Schild, Non-Executive Director

Appointed: 25 May 2010

Julian qualified as a Chartered Accountant in 1986. He joined Huntleigh Technology PLC in 1987 and was promoted to Group Finance Director that year, and to Chairman in 2003. Julian was Chairman of the Association of British Healthcare Industries from 2006 to 2007. Following the sale of Huntleigh in 2007, he set up a company investing in start-ups. Julian actively supports many charitable activities.

External appointments: Julian is a Director of the Hospital of St. John & Elizabeth in London and is an Advisory Fellow of Pembroke College, Oxford.



Suzi Williams, Non-Executive Director

Appointed: 23 July 2020

As Chief Brand & Marketing officer at BT, Suzi was part of the team who transformed the business, prior to which she held senior leadership roles at Capital Radio Group, Orange, the BBC, KPMG Consulting and Procter & Gamble Europe. Suzi was an independent non-executive director at the AA PLC until its successful sale to private equity in March 2021.

External appointments: Suzi is a senior board advisor on brand and marketing. She is an independent non-executive at Zegona Communications where she is Chair of the Remuneration and Nomination Committee, and is also an independent non-executive director at JD Sports Fashion PLC.



Corporate Governance Statement

The Board is pleased to report that during the year and as at the date of this Annual Report the Company has applied the main principles and complied with the provisions of the UK Corporate Governance Code (“the Code”) issued by the Financial Reporting Council in July 2018, save in the limited instances explained below. Copies of the Code are available at www.frc.org.uk.

This report, together with the Director’s Report on pages 83 to 86 and the Directors’ Remuneration Report on pages 60 to 82, provides details of how the Company has applied the principles and complied with the provisions of the Code and where required explains the rationale for instances where the Company has not been compliant, namely: (i) the external facilitation of a Board evaluation exercise; (ii) the extension of the term of the Chairman beyond nine years; and (iii) the requirement to formally consult with employees regarding the determination of the directors’ remuneration policy. Further detail in relation to the Company’s position on formally consulting with employees regarding the determination of the directors’ remuneration policy is set out in the Directors’ Remuneration Report.

The Board of Directors

The Board meets regularly to review the progress of the Company and to discuss the measures required for its future development. Directors are provided in advance with a formal agenda of matters to be discussed at each meeting, and with the detailed information needed to monitor the progress of the Company. Records of meetings and the decisions of the Board are maintained by the Company Secretary and are approved by the Board at the following meeting. All directors have access to the advice and services of the Company Secretary and, if required, are able to take independent advice at the Company’s

expense in the furtherance of their duties. Any question of the removal of the Company Secretary is a matter for the Board as a whole. Whilst the members of the Board are all experienced and well qualified, the opportunity to receive further training at the Company’s expense is available to them. The non-executive directors attended such formal, externally facilitated courses as they considered relevant to their roles and responsibilities during the year.

Board duties

The matters specifically reserved for decision by the Board are fully documented and include the following principal areas:

- reviewing and agreeing the Company’s strategy and long term objectives;
- assessing performance in the light of the Company’s strategy and objectives;
- ensuring an effective system of risk management and internal controls is in place;
- approving changes to the structure, size and composition of the Board and reviewing its performance on an annual basis;
- reviewing the Company’s overall corporate governance arrangements; and
- approval of the Company’s financial statements prior to publication.

Matters that are specifically delegated to the committees of the Board are documented in the various Terms of Reference of each committee which are available on the Company’s website (www.telecomplus.co.uk).

All Board and Committee meetings during the year were held virtually through video conferencing.

Corporate Governance Statement

continued

Table of attendance at formal meetings during the year ended 31 March 2022

Name of Director	Board	Remuneration Committee	Audit Committee	Nomination Committee
Number of meetings	11	4	3	1
Charles Wigoder	10	-	-	1
Beatrice Hollond	11	4	3	1
Andrew Lindsay	11	-	-	-
Stuart Burnett	11	-	-	-
Nick Schoenfeld	11	-	-	-
Andrew Blowers	11	4	3	-
Julian Schild	11	-	3	-
Melvin Lawson	11	-	-	-
Suzi Williams	11	4	-	1

In accordance with provision 12 of the Code, led by the Senior Independent Non-Executive Director, the non-executive directors also met without the executives present during the year.

Board evaluation

The directors recognise that the Code requires an external evaluation of the boards of FTSE 350 companies to be carried out at least every three years. However, the directors considered the position in relation to the current year and concluded that an external evaluation was not necessary. In reaching this conclusion the directors were mindful of the effective operation of the Board during the year and the results of the internal Board evaluation exercise detailed below. The Board considers it unlikely that an external evaluation will be conducted in the medium-term.

An internal evaluation of the Board for the current year was conducted through the completion of formal detailed board, and board committee evaluation questionnaires by each director. A review of the results, led by the Company Secretary, principally covered the following areas: specific matters of concern arising from the questionnaires, directors' performances and any key objectives for the coming year.

The evaluation questionnaires were focussed on assessing effectiveness in the following key areas:

- the size and balance of the Board;
- the quality of board debates and its decision-making processes;
- the individual contributions made by each director;
- the Chairman's approach to leadership;
- the non-executive directors' challenge of the executive directors;

- the Board's approach to identifying and mitigating key business risks;
- the quality of the Company's communications with key stakeholders;
- the Board's consideration of diversity and succession planning; and
- the induction and training of board members.

In accordance with provision 12 of the Code and building on the results of the evaluation questionnaires, a separate evaluation of the performance of the Chairman was conducted. This evaluation principally comprised a review of the Chairman's leadership style and tone in promoting effective decision-making and ensuring constructive and sufficient debate took place around key issues. The results of this evaluation were entirely satisfactory. The overall conclusion reached was that the Board and its Committees had operated satisfactorily during the year, with all directors making an effective contribution to the Board commensurate with their experience and responsibilities. Nonetheless, as part of the evaluation it was duly noted that the Board changes described below would address the historical imbalance in the proportion of independent non-executive directors on the Board.

The process also highlighted that: (i) the terms of reference for the Board committees should be updated and reviewed annually; (ii) driving diversity within management structures below Board level remained important; and (iii) a more formal review of the key business risks and controls will be undertaken at Board level following the regular evaluation by the Audit Committee.

Board balance

The Board comprised four executive directors and five non-executive directors at the year-end. Beatrice Hollond acted as the Company's Senior Independent Non-Executive

Director. Stuart Burnett was promoted from Chief Operating Officer to Co-CEO in November 2021.

Membership of each committee of the Board is set out in the table below:

Name of Director	Remuneration Committee	Audit Committee	Nomination Committee
Charles Wigoder	-	-	✓
Andrew Lindsay	-	-	-
Stuart Burnett	-	-	-
Nick Schoenfeld	-	-	-
Andrew Blowers ¹	Chair	✓	-
Beatrice Hollond ¹	✓	✓	Chair
Melvin Lawson ²	-	-	-
Julian Schild ¹	-	Chair	-
Suzi Williams ¹	✓	-	✓

¹ indicates independent non-executive directors

² Melvin Lawson is not considered independent due to his significant shareholding in the Company.

The Code sets out circumstances which are likely to impair, or could appear to impair, a non-executive director's independence. These circumstances include serving on the board for more than nine years from the date of appointment. Julian Schild was appointed to the Board in May 2010 and has therefore served over nine years as a director. Nonetheless, the Board considers that the independence of Mr Schild has not been negatively impacted by his long service on the Board and that he continues to provide robust and constructive challenges to the executive directors on a regular basis by using his long-established knowledge of the Company and extensive previous experience as an executive director of a listed company. Furthermore, none of the other circumstances listed in the Code as potentially impacting independence apply to Mr Schild.

Nonetheless, during the period the Board decided to take action to redress the historical imbalance in the proportion of independent non-executive directors by announcing the following boardroom changes which will apply from the Company's forthcoming AGM in July: (i) Charles Wigoder will become Non-Executive Chairman; (ii) Julian Schild and Melvin Lawson will retire from the Board; and (iii) Carla Stent will be appointed to the Board as a new independent non-executive director and Audit Committee Chair.

The Code also sets out that the Chair should not stay in post beyond nine years from the date of their first appointment to the Board. Charles Wigoder has been Executive Chairman since 2010 and, as previously announced, will be moving to non-executive Chairman following the Company's AGM in July. The Board has considered the extension of Mr Wigoder's term as Chairman, albeit in a non-executive capacity, and is satisfied that this is in the best interests of the Company given his extensive knowledge of the business and the markets within which it operates. The directors also noted the steps recently taken to improve the balance of independent non-executive directors on the Board.

Board diversity

The main objective of the Nomination Committee in considering the appointment of new directors to the Board remains to ensure that successful candidates are of the highest calibre and demonstrate the best possible combination of skills and experience. The Committee's Terms of Reference further stipulate that candidates from a wide range of backgrounds shall be considered and that due regard will be given to the benefits of diversity on the Board.

Corporate Governance Statement

continued

The Code requires companies to set out any measurable objectives that exist in relation to board diversity. However, it remains the Committee's strong view that it is not appropriate to stipulate the characteristics of any future directors, including gender, ahead of a full assessment of the particular requirements of each role at the time a candidate is being sought. The Committee will continue to adhere to the principles set out above in identifying and recruiting the best candidates for any future Board roles in a non-discriminatory manner.

Nonetheless, the Nomination Committee was mindful of the increasing focus on Board diversity and the formal Government-led targets for FTSE 350 companies during the recent recruitment process which resulted in Carla Stent agreeing to join the Board following the AGM in July; following this, the Company will be compliant with the recommendations of the Hampton-Alexander Review to have at least 33% female representation on the Board.

The Committee also notes the Parker Review of board ethnic diversity, and the target of at least one director from a minority ethnic group on each FTSE 250 board by 2024. The Committee therefore intends to pay particular regard to ethnic diversity in any future recruitment to the Board.

Further detail regarding the Company's position in relation to encouraging diversity within all layers of the organisation is set out in the 'People and Organisation' section of the Strategic Report on pages 27 to 30.

Supply of information

Information is supplied to the Board in a timely manner with board papers and accounts being provided in advance of meetings. When the Board requests additional information it is provided.

Re-election

The Company's Articles stipulate that one third of all directors are required to retire by rotation at each Annual General Meeting and all newly appointed directors are required to offer themselves for election by the shareholders at the next Annual General Meeting. However, the Code requires that all directors of FTSE 350 companies be subject to annual re-election by shareholders. Therefore, all the directors other than Julian Schild and Melvin Lawson, will be submitted for re-election at the forthcoming Annual General Meeting in July. The Board has determined that all directors submitted for

re-election continue to make a valuable contribution to the commercial success of the Company, with each bringing a complementary range of skills to the team.

Remuneration Committee

The Board has a Remuneration Committee whose responsibility is to ensure that the remuneration of executive directors is sufficient to attract, retain and motivate people of the highest calibre. The Remuneration Committee comprises three independent non-executive directors, namely Andrew Blowers (Chair of the Committee), Beatrice Hollond and Suzi Williams. The Directors' Remuneration Report, provides the details of the emoluments of each director, and this may be found on pages 60 to 82.

The Remuneration Committee has written terms of reference, available on the Company's website (www.telecomplus.co.uk), which describe the authority and duties which have been delegated to it by the Board.

Audit Committee

The Audit Committee comprises three independent non-executive directors, Julian Schild (Chair of the Committee), Andrew Blowers and Beatrice Hollond in compliance with the Code (provision 24). Julian Schild will be retiring from the Board at the Company's forthcoming AGM in July and new non-executive director Carla Stent will take on the Chair of the Audit Committee. The activities of the Audit Committee are set out on pages 57 to 59.

The Audit Committee has written terms of reference, available on the Company's website (www.telecomplus.co.uk), which describe the authority and duties which have been delegated to it by the Board.

Nomination Committee

The Nomination Committee comprises Beatrice Hollond (Chair of Committee), Suzi Williams and Charles Wigoder and therefore has a majority of independent non-executive directors in compliance with the Code (provision 17). Suzi Williams will take over from Beatrice Hollond as Chair of the Committee from the Company's forthcoming AGM in July. The main purpose of the Nomination Committee is to make recommendations to the Board on the appointment of new directors.

The Nomination Committee has written terms of reference, available on the Company's website (www.telecomplus.co.uk) which describe the authority and duties which have been delegated to it by the Board.

The activities of the Nomination Committee are set out on pages 55 to 56.

Relations with shareholders

It is the policy of the Company to maintain a dialogue with institutional shareholders and to keep them informed about the objectives of the business. The Board considers that it is appropriate for the executive directors to discuss any relevant matters regarding company performance with major shareholders and this is undertaken primarily by the Co-Chief Executives and Chief Financial Officer. The Co-Chief Executives provide feedback from major shareholders to the other directors, ensuring that Board members, and in particular non-executive directors, develop a balanced understanding of the views of major investors. The executive directors met with a number of the Company's main shareholders during the year.

The Co-Chief Executives and Chief Financial Officer also have periodic discussions with the Company's brokers and any issues are fed back to the Board as appropriate. When reports are received from the Company's brokers following investor presentations, these are submitted to the Board for review. Additionally, key representatives of the Company's brokers are periodically invited to present at a full Board meeting.

Responsibility for communication with key shareholders in relation to corporate governance and Board remuneration matters lies primarily with the Senior Independent Non-Executive Director and the Chair of the Remuneration Committee who are assisted in this regard by the Company Secretary. Individual invitations to engage with the Senior Independent Non-Executive Director and Chair of the Remuneration Committee have previously been sent out to key shareholders.

Annual General Meeting

Notice of the Annual General Meeting and related papers are sent to all shareholders at least 20 working days before the meeting. Separate resolutions are proposed for each matter including the adoption of the Report and Accounts, the approval of the Company's Remuneration Policy, the

Directors' Remuneration Report and the appointment of the Group's external auditor. Proxy votes are counted and the meeting is advised of the number of proxies lodged for and against each resolution. The chairs of the Audit, Remuneration and Nomination committees and the remaining non-executive directors are normally available to answer questions. Shareholders who attend are invited to ask questions and take part in the meeting.

Internal control

The Board acknowledges its responsibility for the Group's systems of internal control and risk management. However, it recognises that any system can only provide reasonable, and not absolute, assurance against material misstatement or loss. The principal risks faced by the Company and the measures taken to address these risks are set out in the Strategic Report on pages 20 to 26.

In conjunction with the Company's senior management team, the executive directors regularly identify, review and evaluate the key risks faced by the Group and the effectiveness of the internal controls in place to mitigate these risks. The results of these reviews are recorded in a formal document which sets out a detailed evaluation of each risk and the associated internal control in place to mitigate that risk. The document is reported to the Audit Committee for review at least once per year. Following review by the Audit Committee the document is reported to the full Board.

The Board of directors has continued to review the internal controls of the Company (including financial, operational and compliance controls and risk management) and the principal risks which the Company faces during the year. No material weaknesses in internal controls were identified during the year by the directors.

Share capital and voting rights

Details of the Company's share capital and substantial shareholdings can be found in the Directors' Report under the capital structure and substantial shareholders sections on pages 84 to 85.

By Order of the Board
David Baxter
Company Secretary
21 June 2022

Nomination Committee Report

Introduction

The members of the Nomination Committee (“the Committee”) are Beatrice Hollond (Chair), Suzi Williams and Charles Wigoder; this means that the Committee has a majority of independent non-executive directors in compliance with the UK Corporate Governance Code (“the Code”) (provision 17). Suzi Williams will take over from Beatrice Hollond as the Chair of the Committee from the Company’s forthcoming AGM in July.

The key responsibilities of the Nomination Committee include:

- making recommendations to the Board on the appointment of new non-executive and executive directors, including making recommendations as to the composition of the Board generally and the balance between executive and non-executive directors;
- giving consideration to succession planning for directors and other senior executives;
- reviewing on an annual basis the time required from non-executive directors and assessing whether the non-executive directors are spending enough time to fulfil their duties;
- reviewing the re-election by shareholders of directors under the annual re-election provisions of the Code; and
- evaluating any matters relating to the continuation in office of any director including the suspension or termination of service of an executive director.

The Committee’s general position in relation to diversity and the Code requirement to set out any measurable objectives that exist in this regard is included in the Corporate Governance Statement on pages 52 to 53 of this document.

The Committee’s activities for the year ended 31 March 2022

The Committee met once formally during the year and Committee matters were discussed as part of certain full Board meetings. The Committee’s principal activities during the year related to the identification and evaluation of a new independent non-executive director and Audit Committee Chair, and reviewing the proposal to promote Stuart Burnett from Chief Operating Officer to Co-CEO.

Appointment of new independent non-executive director

The Committee was mindful of the increasing focus on Board diversity and the formal Government-led targets for FTSE 350 companies. As such, an external search consultancy, Nurole, was instructed to draw up a diverse shortlist of suitable candidates for consideration by the Committee. From this shortlist, a small number of candidates were invited to meet the members of the Committee, acting on behalf of the Board, to evaluate their suitability for this role.

From the potential candidates interviewed, Carla Stent was identified as an extremely strong candidate by the Committee and displayed a keen interest in joining the Board. Carla has extensive executive and non-executive international experience across financial services, principally banking and private equity, as well as retail and travel.

Her current Board roles include Marex Group, the Post Office Limited, JP Morgan Elect plc, and the Tilney Smith and Williamson Group. She has also served on the boards of Power to Change, Savernake Group, Change Alliance (India) Private Limited, Christian Aid, The Young Women’s Trust, and various Virgin Group entity boards, amongst others. From 2010 to 2013, Carla was Chief Operating Officer and Partner at Virgin Group. She was previously Deputy Chief Financial Officer and Chief Administrative Officer of the Global Retail and Commercial Bank arm of Barclays Bank. From 2000 to 2004, at Thomas Cook AG Group, she held a variety of roles, including Operations Director, as well as Director of Group Strategy & Corporate Finance.

Carla is a qualified Chartered Accountant and has a Masters in Advanced Accounting, Taxation, Business Administration and Auditing from the University of South Africa, Cape Town. Carla is also a full member of the ICAEW.

The members of the Committee formally interviewed Ms Stent, benchmarking her experience and capabilities against the key attributes previously discussed by the Board. The Committee’s conclusions were reported to the Board and her appointment was put forward for approval.

Ms Stent's extensive financial experience, including in Chairing Audit and Risk Committees, was particularly attractive to the Committee. Ms Stent will formally join the Board immediately after the forthcoming AGM in July and will become Chair of the Audit Committee.

Nurole does not have any other connection with the Company.

Promotion of Stuart Burnett to Co-CEO

In reviewing the proposal to promote Stuart Burnett to Co-CEO alongside Andrew Lindsay in November 2021, the Committee considered the acceleration in the Company's growth rate, and the positive growth prospects for the business, in executing a transition that had been planned for some time.

The Committee noted that Stuart and Andrew had been working in close partnership since the start of the pandemic, with Andrew focusing on the Partner community and longer-term growth strategy, and Stuart on the Customer proposition, the multiple regulated markets the Company operates in, and running the day-to-day operations of the business.

Having worked together for over five years, they also share a united vision of how to deliver on the Board's ambition to add 1 million customers over the next four years. The Committee therefore endorsed the proposal to promote Stuart to Co-CEO.

Beatrice Hollond
Chair of the Nomination Committee
On behalf of the Board
21 June 2022

Audit Committee Report

In accordance with the UK Corporate Governance Code (“the Code”) (provision 24) the Committee comprises three independent non-executive directors Julian Schild (Chairman), Beatrice Hollond and Andrew Blowers. Julian Schild is also identified as having recent and relevant financial experience.

The Audit Committee

Attendance at Committee meetings during the current year by Committee members is set out in the Corporate Governance Report on page 51 of this document. In accordance with best practice, the Committee has the opportunity to meet with the external auditor of the Company without the presence of any executive directors and has done so during the current year. The Chairman of the Committee has also had direct contact with the Audit Partner during the year.

The key responsibilities of the Committee include:

- reviewing the appointment, re-appointment and removal of the external auditor and the direction of the external auditor to investigate any matters of particular concern;
- assessing the effectiveness of the Company’s external auditor, including considering the scope and results of the annual audit;
- reviewing the independence and objectivity of the external auditor and assessing any potential impact

on objectivity resulting from the provision of non-audit services by the external auditor;

- monitoring the integrity of the financial statements of the Company and any formal announcements relating to the Company’s performance;
- reviewing the impact of the application of new accounting standards; and
- reviewing the Company’s internal financial controls and other internal control and risk management processes.

The senior management team and executive directors periodically review the effectiveness of key internal control and risk management processes within the Company and report any changes in such activities to the Audit Committee and the external auditor for consideration. The review covers all material controls, including financial, operational and compliance controls.

The Committee’s activities for the year ended 31 March 2022

The Committee’s main activities during the year included a review of the financial statements involving a detailed evaluation of the significant accounting issues therein.

The actions taken by the Committee in regard to these issues are described in the table below:

Issue	Action taken by the Committee
Operational accuracy of billing system	Review of internal analysis. Monitoring of regulator communications (Ofgem, BABT) and monthly monitoring of detailed call centre statistics which would indicate significant billing issues.
Revenue recognition in relation to energy services	Monitoring of key assumptions underlying the recognition of energy revenues based on internal analysis.
Estimation related to Expected Credit Losses	Review of key assumptions underlying the estimations related to Expected Credit Losses.

Also, the Audit Committee has considered, amongst other matters, compliance with the provisions of the Code and accounting developments, the effectiveness of the Company’s internal financial control environment and its risk management and control processes. As part of this process the Audit Committee has also considered the need for any special projects or internal investigations and concluded that no such additional projects or investigations have been required.

In accordance with the Code (provision 25), the Audit Committee has also considered the need for an internal audit function at the Group. In the light of the simplicity of the Group structure, its single country focus, its relatively straightforward financial model, the internal controls in place and the fact that management and the Board conduct regular financial reviews, the Committee has recommended to the Board that a financial internal audit function is not currently appropriate for the business. This decision will be kept under regular review and where appropriate extended assurance will also be sought in specific areas of concern.

During the year the Audit Committee reviewed and approved the Company's half year and annual financial statements. The Committee has advised the Board that the annual report and accounts taken as a whole provide a fair, balanced and understandable picture of the Company's position and performance, business model and strategy.

External auditor effectiveness

The Company's external auditor, KPMG, presented a detailed audit report to the Audit Committee following a review of the annual financial statements. Having regard to its review of the work performed by the external auditor during the year and its approach to key audit issues, the Audit Committee was satisfied with the effectiveness of KPMG as external auditor.

In reaching this conclusion, the Committee assessed:

- the efficiency with which the audit team was able to understand the Company and its systems and processes;
- the experience and expertise of the audit team;
- the scope and eventual fulfilment of the detailed audit plan;
- the robustness and perceptiveness of the audit team in their handling of key accounting and audit judgements; and
- the nature and quality of the content of the external auditor's report.

The Committee has therefore recommended to the Board, for approval by shareholders at the AGM, the reappointment of KPMG as the Company's external auditor for the coming year. KPMG LLP was first appointed as the Group's auditor with effect from February 2015, following a competitive tender process.

External auditor independence

In order to guard against the objectivity and independence of the external auditor being compromised, the provision of any significant additional services remains subject to the prior approval of the Audit Committee.

The Committee would prohibit the provision of the following types of non-audit related work by the Company's external auditor:

- tax services relating to: (i) preparation of tax forms; (ii) payroll tax; (iii) customs duties; (iv) identification of public subsidies and tax incentives unless support from the external auditor in respect of such services is required by law; (v) support regarding tax inspections by tax authorities unless support from the external auditor in respect of such inspections is required by law; (vi) calculation of direct and indirect tax and deferred tax; and (vii) provision of tax advice;
- services that involve playing any part in the management or decision-making of the Company;
- bookkeeping and preparing accounting records and financial statements;
- payroll services;
- designing and implementing internal control or risk management procedures related to the preparation and/or control of financial information or designing and implementing financial information technology systems;
- valuation services, including valuations performed in connection with actuarial services or litigation support services;
- legal services, with respect to: (i) the provision of general counsel; (ii) negotiating on behalf of the Company; and (iii) acting in an advocacy role in the resolution of litigation;
- services linked to the financing, capital structure and allocation, and investment strategy of the Company, except providing assurance services in relation to the financial statements, such as the issuing of comfort letters in connection with prospectuses issued by the Company;
- promoting, dealing in, or underwriting shares in the Company; and
- human resources services, with respect to: (i) management in a position to exert significant influence over the preparation of the accounting records or financial statements which are the subject of the statutory audit, where such services involve: searching for or seeking out candidates for such position; or undertaking reference checks of candidates for such positions; (ii) structuring the organisation design; and (iii) cost control.

The Committee will also prohibit any other work where mutual interests exist that could impair the independence and objectivity of the external auditor.

Audit Committee Report

continued

Reporting of staff concerns

During the year the Company operated an independently-facilitated whistleblowing system for staff of the Company to raise, in confidence, concerns they may have over possible improprieties, financial or otherwise. All employees have been notified of this arrangement on the Company's intranet website (Code provision 6). No such matters were raised by employees during the current year.

Conclusion

As set out in the Corporate Governance Statement, I will be retiring from the Board at the Company's AGM in July and new independent non-executive director, Carla Stent, will be taking over as Chair of the Audit Committee. I should like to say how much I have enjoyed chairing the Audit Committee and my time at Telecom Plus. I wish Carla every success as she takes up her new role.

Julian Schild

Chairman of the Audit Committee

On behalf of the Board

21 June 2022

Directors' Remuneration Report

Annual statement

Dear Shareholder,

As chair of the Remuneration Committee ("Committee") and on behalf of the Board, I am pleased to present our report on Directors' remuneration for the year ended 31 March 2022.

The report comprises three sections:

- This statement, which provides an overview of the key decisions made on Directors' remuneration during the year.
- The Annual Report on Remuneration, which describes how our Directors' Remuneration Policy ("Policy") was applied for the year ended 31 March 2022.
- A summary of the Policy (pages 63 to 73) being submitted for approval at the Company's Annual General Meeting ("AGM") in July.

Policy approval

The Remuneration Policy ("Policy") was originally approved by shareholders at the July 2019 AGM. However, the Committee were cognisant of concerns raised by some shareholders. After completing a review of executive remuneration during 2020, the current Policy was approved at the December 2020 General Meeting with over 95% of shareholders voting in favour of the resolution. In line with the UK Directors' remuneration regulations and best practice, the Committee is required to submit the Policy to shareholders for reapproval at the 2022 AGM, in line with the original triennial review timeline.

However, the Committee is conscious that the existing share incentive scheme for senior management and executive directors is closed to new participants and is approaching maturity in 2023, whereby the majority of awards will have vested. The Committee intends to undergo a comprehensive review of our long term incentive provision for senior management and executive directors during 2022/23. The Committee will consult with shareholders where appropriate on any new scheme and any new scheme will be subject to shareholder approval at the 2023 AGM, alongside any new Remuneration Policy.

For the financial year ending 31 March 2023, the Committee is seeking approval for the continuation of the current Policy at the 2022 AGM – until the completion of our review and shareholder approval of any new Policy at the 2023 AGM. The only changes which have been made to the Policy for approval at the 2022 AGM are housekeeping changes to provide further alignment with best practice and allow sufficient flexibility in its application (as outlined on page 63).

Board changes

Stuart Burnett, the Group's COO, was appointed as Co-CEO in November 2021. On appointment, Stuart's annual salary was increased from £424,200 to £500,000 per annum. The Committee took into account his performance and experience, the enhanced role, and increased responsibilities as well as considering the salary packages of similar roles within peer companies when determining the increase. The Committee also increased the annual bonus opportunity to 150% from November, aligned to Andrew Lindsay's bonus opportunity as Co-CEO. The new roles and responsibilities and consequent positioning of the Co-CEO remuneration also reflects the changes to the board structure.

As announced on 14 March 2022, effective from the July 2022 AGM, Charles Wigoder will become Non-Executive Chairman, and both Melvin Lawson and Julian Schild will retire from the Board. Details of Charles Wigoder's remuneration arrangements for the year ending 31 March 2023 are set out below.

Performance outcomes for the year ended 31 March 2022

The Group has delivered adjusted pre-tax profits in line with expectations, showing strong growth in the second half, and the business is well positioned to build shareholder value over both the near and longer term.

Andrew Lindsay (Co-CEO) and Nick Schoenfeld (CFO) were granted a maximum bonus opportunity equal to 150% and 67.5% of salary respectively for the year ended 31 March 2022. The CFO's maximum bonus opportunity was set at 67.5% of salary to reflect his salary positioning compared to other FTSE 250 companies of a similar size and scale to the Company.

Directors' Remuneration Report

continued

Stuart Burnett was promoted from COO to Co-CEO in November 2021. Stuart's original maximum bonus opportunity of 135% for the current financial year to 31 March 2022 was increased to 140% (being the weighted average of 135% for 8 months as COO and 150% for 4 months as Co-CEO). Stuart's weighted average salary received of £449,467 (8 months at £424,200 per annum plus 4 months at £500,000 per annum) has also been used to determine the bonus.

70% of the bonus was subject to adjusted Profit Before Tax ('adjusted PBT') performance and the remaining 30% subject to certain strategic objectives.

The Group delivered adjusted PBT of £61.9m which resulted in an outcome of 51.0% (against a maximum of 70%) for the adjusted PBT element. Performance against strategic objectives (which focussed on service growth, Partner activity and a strategic development in financial services) resulted in an outcome of 18.5% (against a maximum of 30%) for the strategic element. See pages 75 to 76 for further details. The executives therefore earned a bonus equal to 69.5% of the maximum opportunity. One-third of the bonus earned will be deferred into shares for two years. The Committee carefully considered the bonus outcome and determined it to be appropriate taking into account underlying business performance and the experience of shareholders and employees during the year. In particular, the following factors were noted:

- The Group delivered strong growth in the second half and is well positioned to build shareholder value over both the near and longer term.
- The final dividend for the year ended 31 March 2021 was paid, resulting in a total dividend of 57p per share for the year. A total dividend of 57p per share is also expected for the year ended 31 March 2022.

No long term incentive growth shares awards were capable of vesting during the year ended 31 March 2022.

Implementation of the Remuneration Policy for the year ending 31 March 2023

Base salaries and fees

The Executive Chairman, Co-CEO Andrew Lindsay and CFO received salary increases of 5.5% effective from 1 April 2022 in line with the average cost of living increases for all employees. Stuart Burnett did not receive the standard 5.5% increase in the light of the increase in his salary in November 2021 following promotion to Co-CEO.

Following Charles Wigoder's appointment as Non-Executive Chairman at the AGM in July 2022, his fees will be reduced from £501,494 to £200,000 per annum to reflect the change in his responsibilities.

The Committee carried out a benchmarking exercise during March 2022 to determine the appropriate remuneration for the non-executive directors using the "Deloitte Your Guide – Directors' remuneration in FTSE 250 companies" report, October 2021. The exercise highlighted that fee levels had fallen significantly behind market rates. The Committee therefore determined that to appropriately reflect the time commitment and responsibilities being assumed by the non-executive directors, each of them should receive a base salary of £55,000 per annum, with an additional fee of £10,000 per annum for the Chairs of the Audit and Remuneration Committees, and an additional fee of £5,000 per annum for the Senior Non-Executive Director and for the Chair of the Nomination Committee. The new level of fees that will be received by the non-executive directors from 1 April 2022 is as follows (the variation in fees between non-executives reflecting the different roles and responsibilities):

- Andrew Blowers £65,000 (2022: £45,450);
- Beatrice Hollond £60,000 (2022: £45,450); and
- Suzi Williams £60,000 (2022: £45,450).

Non-executive directors Julian Schild and Melvin Lawson will be retiring from the Board at the AGM in July 2022 and therefore they did not receive an increase in fees.

Annual bonus

The maximum bonus opportunity remains at 150% of salary for both Andrew Lindsay (Co-CEO) and Stuart Burnett (Co-CEO) and 67.5% of salary for Nick Schoenfeld (CFO). 70% of the bonus is subject to adjusted PBT performance and the remaining 30% subject to strategic objectives (based on employee satisfaction, customer services performance and customer growth). These objectives are directly aligned with the FY23 strategic priorities set for the whole business.

The Committee has discretion to adjust the payment outcome if it is not deemed to reflect the underlying financial or non-financial performance of the business, the performance of the individual or the experience of shareholders and other stakeholders over the performance period. In any case, the strategic element of the bonus will only pay-out if a threshold level of adjusted PBT is achieved. Full disclosure of the adjusted PBT targets and strategic metrics will be included in next year's Directors' Remuneration Report. One-third of any bonus earned is deferred into shares for two years.

LTIP awards

No LTIP awards will be granted to executive directors during the year ended 31 March 2023.

Conclusion

I trust the information presented in this report enables our shareholders to understand both how we have operated our Policy over the year and the rationale for our decision making. We believe that the Policy operated as intended and we consider that the remuneration received by executive directors during the year was appropriate taking into account Group and personal performance, and the experience of shareholders and employees.

I look forward to receiving your support at the July 2022 Annual General Meeting, where I will be available to respond to any questions shareholders may have on this report or in relation to any of the Committee's activities.

Andrew Blowers OBE

Chairman of the Remuneration Committee

21 June 2022

Remuneration Policy

Remuneration Committee

The Committee is responsible for reviewing and making recommendations to the Board regarding the policy relating to the total remuneration paid to the executive directors and senior management of the Company. It meets regularly to review and set all elements of the remuneration paid to the executive directors of the Company and monitors the level and structure of remuneration for other senior management of the Company. It also exercises all the powers of the Board in relation to the operation of the Company's share incentive schemes, including the grant of options and the terms of those grants.

The Committee met formally four times during the year and details of attendance at these meetings are provided in the Corporate Governance Statement on page 51.

The Committee's principal activities during the year included:

- reviewing and approving executive director remuneration packages;
- monitoring senior management remuneration packages; and
- reviewing and approving the issue of share options to certain employees.

Remuneration Policy introduction

The Company's overall remuneration policy is to ensure that the executive directors and other senior managers are fairly and responsibly rewarded for their individual contribution to the overall long term performance of the Company, in a manner that ensures that the Company is able to attract, motivate, and retain executives of the quality necessary to ensure the successful long term performance of the Company. The remuneration policy continues to be based on the principle that the fortunes of the directors and senior management should be aligned with those of external shareholders. The remuneration policy also takes into account the principles of clarity, simplicity, risk, predictability, proportionality and alignment to culture as set out in Provision 40 of the UK Corporate Governance Code.

The Directors Remuneration Policy was originally approved by the Company's shareholders at the AGM on 25 July 2019, with amendments approved by shareholders at a general meeting on 16 December 2020. As detailed on page 60, shareholder approval will be sought for the continuing application of the existing Directors' Remuneration Policy until the 2023 AGM. The only changes which have been made to the Policy for approval at the 2022 AGM are housekeeping changes to provide further alignment with best practice and allow sufficient flexibility in its application. The Directors' Remuneration Policy is set out in full below on pages 63 to 73.

Remuneration policy table

How component supports strategic objectives	Operation of component	Maximum potential value of component	Performance metrics used, weighting and time periods
Base salary			
To recognise status and responsibility to deliver operational strategy on a day-to-day basis.	Base salary is paid in 12 equal monthly instalments during the year. Base salaries are reviewed annually with any changes effective from 1 April each year, and also (where relevant) to reflect changes in the responsibilities of each individual.	Whilst there is not a set maximum, increases will normally be in line with the range of increases awarded to other employees. Salary increases above this level may be awarded in appropriate circumstances including but not limited to: • reflect any change in the level of responsibility of the individual (whether through a change in role or an increase in the scale and/or scope of the activities carried out by the Company); or • an increase in experience and knowledge of the Company and its markets.	None, although overall performance of the individual is considered by the Committee when setting and reviewing salaries.

How component supports strategic objectives	Operation of component	Maximum potential value of component	Performance metrics used, weighting and time periods
Benefits			
To provide benefits commensurate with the role and market practice.	Executive Directors receive benefits set at an appropriate level taking into account total remuneration, market practice, the benefits provided to other employees in the Group and individual circumstances. The Company pays for private healthcare for each director and their immediate family. The Company provides company cars for executive directors where appropriate. The Company provides death in service benefits up to a maximum of four times annual base salary (subject to prevailing policy caps). The Committee reserves the right to introduce other benefits should this be necessary to attract and/or retain key executive directors. In relation to new directors the Company will pay for reasonable relocation expenses where required.	Whilst the Committee has not set an absolute maximum on the level of benefits Executive Directors may receive, the value of benefits is set at a level which the Committee considers to be appropriately positioned taking into account relevant market levels based on the nature and location of the role, the level of benefits provided for other employees in the Group and individual circumstances.	None.

Remuneration Policy

continued

How component supports strategic objectives	Operation of component	Maximum potential value of component	Performance metrics used, weighting and time periods
Annual bonus			
To incentivise the annual delivery of financial and strategic priorities.	Bonus payment is dependent on the achievement of performance measures. One-third of any bonus earned is deferred into shares for two years subject to continued employment. The Committee may decide to pay the entire bonus in cash where the amount to be deferred into shares would, in the opinion of the Committee, be so small it is administratively burdensome to apply deferral. Dividends will not accrue on deferred shares prior to vesting. The Committee has discretion to adjust the payment outcome if it is not deemed to reflect the underlying financial or non-financial performance of the Company, the performance of the individual or the experience of shareholders or other stakeholders over the performance period. Annual bonus payments are subject to clawback provisions for up to two years following payment. Deferred share awards are subject to clawback provisions during the two-year deferral period. Clawback may apply in the following circumstances: gross misconduct of the participant; material error or misstatement in the accounts; grant or vesting of annual bonus awards being found to be incorrect due to misleading or inaccurate information; serious reputational damage; material corporate failure.	Maximum opportunity of up to 150% of base salary may be awarded in respect of a financial year.	Targets are set annually reflecting the Company's financial and strategic priorities. At least 70% of the annual bonus is assessed against financial performance metrics. The balance is assessed against non-financial strategic/personal objectives. Financial metrics Up to 25% of each bonus element will vest for threshold performance, with full vesting for maximum performance. Non-financial metrics Non-financial metrics vesting will apply on a scale between 0% and 100% based on the Committee's assessment of performance against objectives.

How component supports strategic objectives	Operation of component	Maximum potential value of component	Performance metrics used, weighting and time periods
Share incentive schemes			
To directly align the directors' interests with those of all other shareholders.	Issue of share incentives at market price on the date of grant which provide direct and transparent exposure to the Company share price for the director ("Share Incentive Schemes"). Share Incentive Schemes include HMRC approved share option awards, and unapproved share option awards.	Maximum grant value equivalent to 200% of salary per annum, assuming that no annual cash bonus has been awarded during that year. Share Incentive Schemes Grants made periodically, with awards vesting over 3 to 7 years. Grant value of share incentives to be determined in accordance with FRC Reporting Lab guidance issued in March 2013, i.e. share options to be valued at one third of the market value of the shares under option. Vesting is dependent on service and the achievement of performance conditions. 30% vests at threshold performance.	Share Incentive Schemes Service and performance conditions must be met over the vesting period, weighted average of three performance measures typically used for Chief Executive and Chief Financial Officer: • Adjusted EPS growth • TSR growth • Service number growth Weighting of each measure to be determined by the Committee and dependent on each director's role and strategic responsibility. The Committee also retains the ability to amend the performance conditions for future grants to ensure that they appropriately reflect the strategic responsibilities of the director concerned. The Committee may require forfeiture of shares comprised in an award in the event of a material error or mis-statement in the accounts, or a material failure in risk management ("Malus and Clawback"). The Company has the right to reduce or withhold the value that would otherwise accrue under the Share Incentive Schemes prior to exercise/ conversion (malus) or after exercise/conversion (clawback) in certain circumstances including: (i) Gross misconduct of the participant; (ii) Material error or misstatement in the accounts; or (iii) Grant or vesting of awards being found to be incorrect due to misleading or inaccurate information.

Remuneration Policy

continued

How component supports strategic objectives	Operation of component	Maximum potential value of component	Performance metrics used, weighting and time periods
Pension			
To provide funding for retirement.	Defined contribution pension scheme is open to all employees and executive directors. In appropriate circumstances, such as where contributions exceed the annual or lifetime allowance, Executive Directors may take a taxable cash supplement instead of contributions to a pension plan.	The percentage level of pension provision (or cash allowance equivalent) for executive directors will not exceed the highest percentage contribution rate available to a majority of employees.	None.
Shareholding requirement			
To strengthen the long term alignment of directors' interests with those of all shareholders.	Shareholding requirement policy is primarily derived from the issue of shares resulting from the exercise of awards made under the Share Incentive Schemes, the Deferred Share Bonus Plan and existing awards made under the LTIP 2016.	Executive directors are expected to progressively build and retain a shareholding in the Company worth 200% of basic salary over a maximum of 10 years; until such time as they have achieved this level, they are required to: (i) retain all the shares vesting to them under the Deferred Bonus Plan (other than to settle associated tax liabilities on vesting); and (ii) retain not less than 25% of any shares issued to them under the LTIP 2016 or any other long term incentive plan operated by the Company from time to time. Under LTIP 2016, in relation to the 25% blocks of their award which vest after 3, 5 or 7 years, participants are required to retain 50% of any shares they choose to convert for at least 12 months. In relation to the final 25% block which vests after 10 years, they are obliged to retain 75% for 12 months, 50% for 18 months, and 25% for 24 months. The above holding periods continue to apply to participants after they cease to be employed by the Company; shares issued in future under any other long term incentive plan will be subject to similar restrictions.	N/A

How component supports strategic objectives	Operation of component	Maximum potential value of component	Performance metrics used, weighting and time periods
Shareholding requirement (continued)			
		Future share awards to directors will be made subject to a post-vest holding period. Post-employment Executive directors who step down from the Board following 16 December 2020 are required to retain a holding in 'guideline shares' equal to: • 200% of salary (or their actual shareholding at the point of departure if lower) for the first 12 months following stepping down as executive director. • 100% of salary (or their actual shareholding at the point of departure if lower) for the subsequent 12 months. 'Guideline shares' do not include shares that the executive director has purchased or which have been acquired pursuant to share awards which vested before 16 December 2020. Unless the Committee determines otherwise, an executive director or former executive director shall be deemed to have disposed of shares which are not 'guideline shares' before 'guideline shares'.	

Choice of performance measures

The Committee chose the performance measures described in the table above as they are deemed to directly align the executive directors' interests with those of all shareholders in an easily understood and transparent manner.

Annual bonus

The performance measures are set annually reflecting the Company's financial and strategic priorities. At least 70% of the annual bonus is assessed against financial performance metrics. The balance is assessed against non-financial strategic/personal objectives. In relation to financial metrics, up to 25% of each bonus element will vest for threshold performance, with full vesting

for maximum performance. In relation to non-financial metrics, vesting will apply on a scale between 0% and 100% based on the Committee's assessment of performance against objectives.

Share incentive schemes

The performance measures comprise a combination of relative total shareholder return ('TSR'), Adjusted EPS (excluding share incentive scheme charges and amortisation of intangible assets) and service number growth measures. Adjusted EPS is considered appropriate as a key strategic objective of the Company if it is to drive profitable growth in each year. It also provides a balance to relative TSR, which considers shareholder value creation and reflects market expectations of future performance, and absolute service number growth which,

Remuneration Policy

continued

when achieved responsibly, will also drive long term value creation. The use of relative TSR and Adjusted EPS growth measures provides a combined focus on the Company's financial performance and shareholder value creation. Targets for Adjusted EPS are set by reference to internal budgeting plans and external market expectations. TSR targets are set on a standard practice, median to upper quartile ranking range. Only 30% of share incentive awards vest for threshold levels of performance. The Committee wishes to retain the ability to change the composition of performance conditions for future grants to directors should this be required in-order to reflect appropriately the strategic responsibilities of the particular director

concerned or if it considers it would be more likely to more appropriately drive long term value creation within the Company.

Illustrative application of remuneration policy

The bar charts below seek to illustrate the potential rewards available under the proposed remuneration policy for the coming financial year under varying levels of performance.



The bar charts have been prepared based on the following assumptions:

Minimum performance	Fixed remuneration
On-target performance	Fixed remuneration 50% of maximum annual bonus opportunity is earned
Maximum performance	Fixed remuneration Maximum annual bonus opportunity is earned

Executive directors will not be granted a long term incentive award during the year ending 31 March 2023.

The scenario 'maximum with 50% share price increase' has been included in the bar charts for completeness.

Non-executive directors' fees policy

How component supports strategic objectives	Operation of component	Maximum potential value of component	Performance metrics used, weighting and time periods
To attract non-executive directors who have a broad range of experience and skills to support and oversee the implementation of strategy and ensure good corporate governance.	Non-executive directors' fees are set by the Board as a whole and aligned with the responsibilities of each director. Annual fees are paid in 12 equal monthly instalments during the year. Non-executive directors' fees are periodically reviewed by the Board in the light of any changes in role and prevailing market rates for Non-executive directors in other listed companies of similar size and with similar characteristics.	Non-executive directors' remuneration will not be set outside the parameters of prevailing market rates for similarly-sized companies of equal complexity.	Non-executive directors are not eligible to participate in any performance-related arrangements or share incentive schemes.

Service contracts and policy for payment for loss of office

The executive directors are each engaged under a rolling contract of service requiring 12 months' notice of termination on either side for Mr Wigoder and 6 months' notice of termination on either side for Messrs Lindsay, Schoenfeld and Burnett. The dates of the executive directors' service agreements are as follows:

	Date of service agreement
Charles Wigoder	5 May 2011
Andrew Lindsay	5 May 2011
Nick Schoenfeld	9 October 2014
Stuart Burnett	23 July 2020

All non-executive directors are subject to re-election at each AGM. The appointment of the non-executive directors

may be terminated on either side on three months' notice. The dates of each non-executive director's appointment are as follows:

	Date of service agreement	Expiry of current term
Beatrice Hollond	26 September 2016	2022 AGM
Andrew Blowers	2 November 2016	2022 AGM
Melvin Lawson	27 September 2006	2022 AGM ¹
Julian Schild	25 May 2010	2022 AGM ¹
Suzi Williams	23 July 2020	2022 AGM

1. Non-executive directors Julian Schild and Melvin Lawson will be retiring from the Board at the AGM in July 2022.

Copies of the service contracts and letters of appointment are held at the Company's Registered Office and will be available for inspection within normal business hours / at the Annual General Meeting, subject to any covid-related restrictions.

Remuneration Policy

continued

The table below sets out the Company's policy regarding service contracts and payments for loss of office.

Standard provision	Policy	Details	Other provisions in service contracts
Notice periods in executive directors' service contracts.	6 - 12 months' notice from the Company. 6 - 12 months' notice from the executive director.	Executive directors may be required to work during notice period or may be provided with pay in lieu of notice if not required to work full notice. All executive directors are subject to annual re-election by shareholders.	N/A
Compensation for loss of office in service contracts.	No more than base salary, benefits and pension contributions for the period of the executive director's notice. No contractual provision for additional compensation in the event of loss of office resulting from poor performance.	Any statutory entitlements or sums to settle or compromise claims in connection with any termination of office would need to be paid as necessary, subject to the fulfilment of the director's duty to mitigate their loss.	N/A
Treatment of unvested annual bonus awards	The payment of a bonus will be at the discretion of the Committee on an individual basis and will be dependent on a number of factors, including the circumstances of the individual's departure and contribution to the business during the financial year.	Unless the Committee determines otherwise, any bonus payment will be paid at the usual time following the determination of performance metrics and be subject to a pro rata reduction for time served during the performance period.	N/A
Treatment of unvested deferred share bonus awards	The extent to which any unvested award will vest will be determined in accordance with the rules of the Deferred Bonus Plan. Unvested awards will normally lapse on cessation of employment. However, if an executive director leaves under "good leaver" provisions the awards will remain capable of vesting.	For a "good leaver", awards will ordinarily vest at the normal vesting date. In exceptional circumstances, the Committee may decide that the executive director's deferred share awards will vest at the date of cessation of employment. In either case, the extent of vesting will be determined by the Committee taking into account, unless the Committee determines otherwise, the period of time elapsed from the grant date to the date of cessation of employment relative to the deferral period.	N/A

Treatment of unvested Share Incentive Scheme and LTIP 2016.	Share Incentive Schemes All awards lapse except for “good leavers”: i.e. death, injury, disability, redundancy, retirement or where the employing company or the company with which the office is held ceases to be a member of the Group or the transfer of employment out of the Group by reason of the Transfer of Undertakings (Protection of Employment) Regulations 2006. Legacy arrangement: LTIP 2016 All awards lapse except for “good leavers”: i.e. death, or where the employing company or the company with which the office is held ceases to be a member of the Group or the transfer of employment out of the Group by reason of the Transfer of Undertakings (Protection of Employment) Regulations 2006. In the event of injury, disability, retirement or redundancy, the Committee may exercise its discretion to classify the participant as a “good leaver”.	Share Incentive Schemes A “good leaver” may exercise any subsisting share options within the period of 6 months from the date of cessation of employment. If a participant ceases to be employed within the Group otherwise than as a “good leaver”, no unvested share options held shall be exercisable after the date of such cessation unless the Committee in its absolute discretion (provided that such discretion must be exercised fairly and reasonably) so decides but for a period of not more than 12 months from the date of cessation. The Committee considers it unlikely that such discretion would be used in the event of a participant ceasing to be employed by the Company as a “bad leaver”. Legacy arrangement: LTIP 2016 If a participant in the LTIP 2016 ceases to be employed within the Group otherwise than as a “good leaver”, any unvested awards will be forfeited. Any growth shares which have vested but not been converted, must be converted within 14 days of the end of their employment otherwise they will be forfeited; the conversion ratio shall be based on the average share price for the 30 working days immediately preceding the date on which conversion takes place. If a participant in the LTIP 2016 is a “good leaver”, then he shall be entitled to the benefit of any shares that have become convertible prior to the date of leaving, and such shares shall be converted (at the option of the employee) either within 14 days of the termination of their employment (in which case the conversion ratio shall be based on the average share price for the 30 working days immediately preceding the date on which conversion takes place), or during the next annual vesting period using the criteria which apply on that date.	N/A
Exercise of discretion.	Discretion to be used only in exceptional circumstances.	The Committee will take into account the recent performance of the director and the Company, and the nature of the circumstances around the executive director's departure.	N/A
Non-executive Directors.	Non-executive directors are appointed for an initial term of one year which is then reviewed by the Board on annual basis thereafter.	Non-executive directors are all subject to annual re-election by shareholders at the Company's AGM each year. Non-executive directors have a three month notice period and there is no provision for compensation if required to stand down.	Non-executive directors have the right to seek independent professional advice at the expense of the Company in the pursuance of their duties.

Remuneration Policy

continued

Approach to recruitment remuneration

The Committee's approach is to pay the amount necessary to recruit the best candidate to each particular role. In determining these amounts the Committee will be mindful of, inter alia, prevailing market rates, the chosen candidate's skills, knowledge and experience, and their existing location and position.

Where the candidate has variable remuneration arrangements with a previous employer that will be lost on leaving employment, the Company will consider offering a sign-on award in compensation for the value foregone, either as an award under an existing share incentive scheme or a bespoke award under the Listing Rules exemption available for this purpose. The face and/or expected values of the award(s) offered will not materially exceed the value ascribed to the award(s) foregone, and where practicable would follow the same vesting timing and form (i.e. cash or shares) save that the Committee may award the whole of the value in shares, at its discretion. The application of performance conditions would be considered and, where appropriate, the awards could be made subject to claw-back in certain circumstances. For material amounts the Committee would, where practicable, consult with key institutional shareholders ahead of committing to make any such sign-on awards, and in any event a full explanation of any amounts awarded, an explanation of why it was necessary and a breakdown of the awards to be made will be announced to the markets at the time of granting. For the avoidance of doubt, should a new director be internally promoted from the Company's senior management team they will not be expected to give up or amend any element of remuneration granted to them prior to becoming a director which is inconsistent with the remuneration policy set out above.

Any new executive director's remuneration package would include similar elements, and be subject to the same constraints, as those of the existing executive directors as outlined in the above policy table.

Statement of consideration of shareholder views

The Chairman of the Committee engages with certain of the Company's largest shareholders who have expressed an interest in being consulted in relation to remuneration matters to understand their expectations and monitor any changes in their views.

Statement of consideration of employment conditions elsewhere in the group

The Committee considers pay levels across the organisation when setting remuneration for all directors (both executives and non-executives). However, this review is undertaken against a background of ensuring that the prevailing market rates for all levels of employee in the organisation are taken into account in order to attract, retain and motivate the best employees at each level. In relation to directors, specific account is taken of any change in the level of responsibility of the director (whether through a change in role or the increased size of the Company) or an increase in experience and knowledge of the Company and its markets which may not be relevant to roles elsewhere in the Company.

The Company does not deem it appropriate to formally consult with employees regarding the determination of the directors' remuneration policy. However, employees have the opportunity to make comments on any aspect of the Company's activities through an employee survey and any comments made which are relevant to directors' remuneration would be considered by the Committee.

Legacy arrangements

The Committee reserves the right to make remuneration payments and payments for loss of office, to exercise any discretion in relation to such payment, notwithstanding that they are not in line with the Remuneration Policy set out above where the terms of payment were agreed:

- Before this Policy came into effect (provided that the terms of the payment were consistent with shareholder approved Policy in force at the time they were agreed or were agreed before the Company's first shareholder approved Policy came into force).
- At a time when the relevant individual was not a director of the Company and, in the opinion of the Committee, the payment was not in consideration of the individual becoming a director of the Company.

For these purposes, 'payments' includes the satisfaction of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' no later than the time the award is granted.

Annual Report on Remuneration

Single total figure of remuneration

Year ended 31 March 2022 (audited)

Audited details of directors' remuneration for the year are as follows:

Director	Salary & fees £'000	Annual bonus ¹ £'000	Taxable benefits £'000	Pension contributions £'000	Total £'000	Total fixed £'000	Total variable £'000
Charles Wigoder	475	-	-	-	475	475	-
Andrew Lindsay	589	614	7	4	1,214	600	614
Stuart Burnett ²	449	438	5	4	896	458	438
Nick Schoenfeld	589	276	6	4	875	599	276
Andrew Blowers	45	-	-	-	45	45	-
Beatrice Hollond	45	-	-	-	45	45	-
Melvin Lawson	12	-	-	-	12	12	-
Julian Schild	45	-	-	-	45	45	-
Suzi Williams	45	-	-	-	45	45	-
Total	2,294	1,328	18	12	3,652	2,324	1,328

1. One third of the bonus is deferred into shares in accordance with the rules of the DBP (see page 65)

2. As detailed on page 60, Stuart Burnett was appointed as Co-CEO in November 2021.

Year ended 31 March 2021 (audited)

Audited details of directors' remuneration for the year are as follows:

Director	Salary & fees £'000	Annual bonus ² £'000	Taxable benefits £'000	Pension contributions £'000	Total £'000	Total fixed £'000	Total variable £'000
Charles Wigoder	471	-	-	-	471	471	-
Andrew Lindsay	583	548	6	4	1,141	593	548
Nick Schoenfeld	583	246	6	4	839	593	246
Stuart Burnett ¹	288	355	5	3	651	296	355
Andrew Blowers	45	-	2	-	47	47	-
Beatrice Hollond	45	-	-	-	45	45	-
Melvin Lawson	12	-	-	-	12	12	-
Julian Schild	45	-	-	-	45	45	-
Suzi Williams ¹	31	-	-	-	31	31	-
Total	2,103	1,149	19	11	3,282	2,133	1,149

1. Appointed to the Board on 23 July 2020.

2. One third of the bonus is deferred into shares in accordance with the rules of the DBP (see page 65)

Annual Report on Remuneration

continued

Salary and benefits (audited)

The Committee awarded increases to the annual base salaries of the Executive Chairman, Chief Executive and Chief Financial Officer with effect from 1 April 2021 as follows:

- Charles Wigoder - increased from £470,644 to £475,350;
- Andrew Lindsay - increased from £582,980 to £588,810;
- Stuart Burnett – increased from £420,000 to £424,200 from 1 April 2021 and then to £500,000 from November 2021 following promotion to Co-CEO; and
- Nick Schoenfeld - increased from £582,980 to £588,810.

The underlying increases were set taking into account the Company's average cost of living increase for all employees of 1.0%.

The amounts relating to taxable benefits received mainly include the provision of private health insurance and motor vehicles to the directors.

Annual bonus (audited)

The maximum bonus opportunities for each executive director for the year ended 31 March 2022 were as follows:

Andrew Lindsay	150% of base salary
Stuart Burnett	140% of base salary
Nick Schoenfeld	67.5% of base salary

Stuart Burnett's bonus entitlement for the current financial year to 31 March 2022 has been calculated based on the weighted average salary received of £449,467 (8 months at £424,200 per annum plus 4 months at £500,000 per annum) and a maximum bonus entitlement of 140% (being the weighted average of 135% for 8 months and 150% for 4 months).

The maximum opportunity for Nick Schoenfeld was set at 67.5% to reflect his salary positioning compared to other FTSE 250 companies of a similar size and scale to the Company.

The awards were granted subject to financial and non-financial strategic objectives. 70% of the bonus was based on adjusted PBT performance. The PBT targets were set by reference to multiple factors, including

internal budgeting and broker forecasts. The threshold and maximum targets are set out in the table below, with vesting on a sliding scale between these targets:

	Weighting % of bonus	Threshold (20% of maximum)	Maximum	Actual	Payable (% of maximum)
FY22 Adjusted PBT	70%	£50.0m	£70.0m	£62.9m	51.0%

The Company's headline adjusted profit before tax of £61.9m has been adjusted to £62.9m for the purposes of determining the payable percentage. This reflects the structure of the calculation of adjusted PBT for the purposes of the bonus after adjusting for a certain pre-agreed commercially sensitive item.

The remaining 30% of the bonus was subject to strategic objectives and any pay-out under this element was subject to achieving the threshold PBT target.

Strategic objective	Detail	Weighting % of bonus	Threshold	Maximum	Actual	Payable (% of maximum)
Service number growth	Annual growth in core services	10%	1%	12%	9.2%	8.5%
Partner productivity	Monthly number of active Partners (average)	5%	<4,472	>5,000	<4,472	0.0%
	% Partners getting 6+ customers in 90 days	5%	<7.4%	>10%	<7.4%	
Strategic development of financial services	Application to the Gibraltar Financial Services Commission to set up an insurance captive corporate vehicle to have been formally submitted by 31 March 2022	10%	N/A	Submitted by 31 March 2022	Submitted by 31 March 2022	10%
Total						18.5%

The executives therefore earned a bonus equal to 69.5% of the maximum opportunity. The Committee carefully considered the bonus outcome and determined it to be appropriate taking into account underlying business performance and the experience of shareholders and employees during the year (as noted in the Annual Statement on page 61).

One-third of the bonuses earned will be deferred into shares for two years under the rules of the Deferred Share Bonus Plan.

Annual Report on Remuneration

continued

Long term incentives (audited)

Vesting of long term incentive awards

No long term incentive awards were capable of vesting during the year ended 31 March 2022.

Long term incentive awards granted during the year (audited)

No long term incentive awards were granted during the year ended 31 March 2022.

On 23 November 2021, Charles Wigoder exercised his SAYE award of 1,727 shares granted on 23 August 2018 at an exercise price of 1,042 pence per share. The gain on the day of exercise was £7,875 although Mr Wigoder retained the shares acquired.

Payments to past directors (audited)

There were no payments to past directors during the year.

SAYE awards (audited)

During the year Charles Wigoder was granted an SAYE award on 18 August 2021, of 1,737 options at an option price of 1,036 pence per share. The awards are exercisable on 1 November 2024.

Payment for loss of office (audited)

There were no payments for loss of office made to directors during the year.

Statement of Directors' Shareholding and Share Interests (audited)

The interests of the directors and their connected persons in the Company's ordinary shares as at 31 March 2022 were as set out below. There have been no changes to those interests between 31 March 2022 and the date of this report.

	Beneficially held	LTIP 2016 – growth shares	Deferred Shares Bonus Plan	SAYE Scheme	Share options	Shareholding (as a % of salary) ¹
Charles Wigoder	7,421,486	-	-	1,737	-	23,905%
Andrew Lindsay	359,149	15,000	17,383	-	-	933%
Nick Schoenfeld	7,951	15,000	7,822	-	-	21%
Stuart Burnett	-	7,500	11,271	-	75,000	0%
Andrew Blowers	-	-	-	-	-	N/A
Beatrice Hollond	1,800	-	-	-	-	N/A
Melvin Lawson	1,436,744	-	-	-	-	N/A
Julian Schild	38,698	-	-	-	-	N/A
Suzi Williams	-	-	-	-	-	N/A

1. Based on a share price of 1,530p being the closing mid-market share price on 31 March 2022. The Committee has adopted a shareholding guideline which requires the executive directors to build up and maintain a shareholding of at least 200% of salary. See page 67 for further details.

Share interests (audited)

Details of the share awards held by or granted to directors during the year are set out in the table below (further details on the estimated cost of these awards are set out in note 21 to the financial statements):

	1 April 2021	Granted	Lapsed	Exercised	31 March 2022	Exercise price per share	Exercisable from	Expiry date
Charles Wigoder								
SAYE Scheme								
23 August 2018	1,727	-	-	(1,727)	-	1042p	1 Nov 21	30 Apr 22
18 August 2021	-	1,737	-	-	-	1036p	1 Nov 24	30 Apr 25
Andrew Lindsay								
LTIP 2016 – growth shares								
4 April 2017	3,750	-	-	-	3,750	n/a	1 Aug 19	31 Aug 26
4 April 2017	3,750	-	-	-	3,750	n/a	1 Aug 21	31 Aug 26
4 April 2017	3,750	-	-	-	3,750	n/a	1 Aug 23	31 Aug 26
4 April 2017	3,750	-	-	-	3,750	n/a	1 Aug 26	31 Aug 26
Deferred Shares Bonus Plan								
22 Jul 2021	-	17,383	-	-	17,383	5p	22 Jul 23	22 Jul 31
Nick Schoenfeld								
LTIP 2016 – growth shares								
4 April 2017	3,750	-	-	-	3,750	n/a	1 Aug 19	31 Aug 26
4 April 2017	3,750	-	-	-	3,750	n/a	1 Aug 21	31 Aug 26
4 April 2017	3,750	-	-	-	3,750	n/a	1 Aug 23	31 Aug 26
4 April 2017	3,750	-	-	-	3,750	n/a	1 Aug 26	31 Aug 26
Deferred Shares Bonus Plan								
22 Jul 2021	-	7,822	-	-	7,822	5p	22 Jul 23	22 Jul 31
Stuart Burnett								
LTIP 2016 – growth shares								
4 April 2017	1,875	-	-	-	1,875	n/a	1 Aug 19	31 Aug 26
4 April 2017	1,875	-	-	-	1,875	n/a	1 Aug 21	31 Aug 26
4 April 2017	1,875	-	-	-	1,875	n/a	1 Aug 23	31 Aug 26
4 April 2017	1,875	-	-	-	1,875	n/a	1 Aug 26	31 Aug 26
Deferred Shares Bonus Plan								
22 Jul 2021	-	11,271	-	-	11,271	5p	22 Jul 23	22 Jul 31
Share options								
22 July 2016	50,000	-	-	-	50,000	1047p	22 Jul 19	21 Jul 26
25 July 2019	8,334	-	-	-	8,334	1342p	25 Jul 22	24 Jul 29
25 July 2019	8,333	-	-	-	8,333	1342p	25 Jul 24	24 Jul 29
25 July 2019	8,333	-	-	-	8,333	1342p	25 Jul 26	24 Jul 29

Annual Report on Remuneration

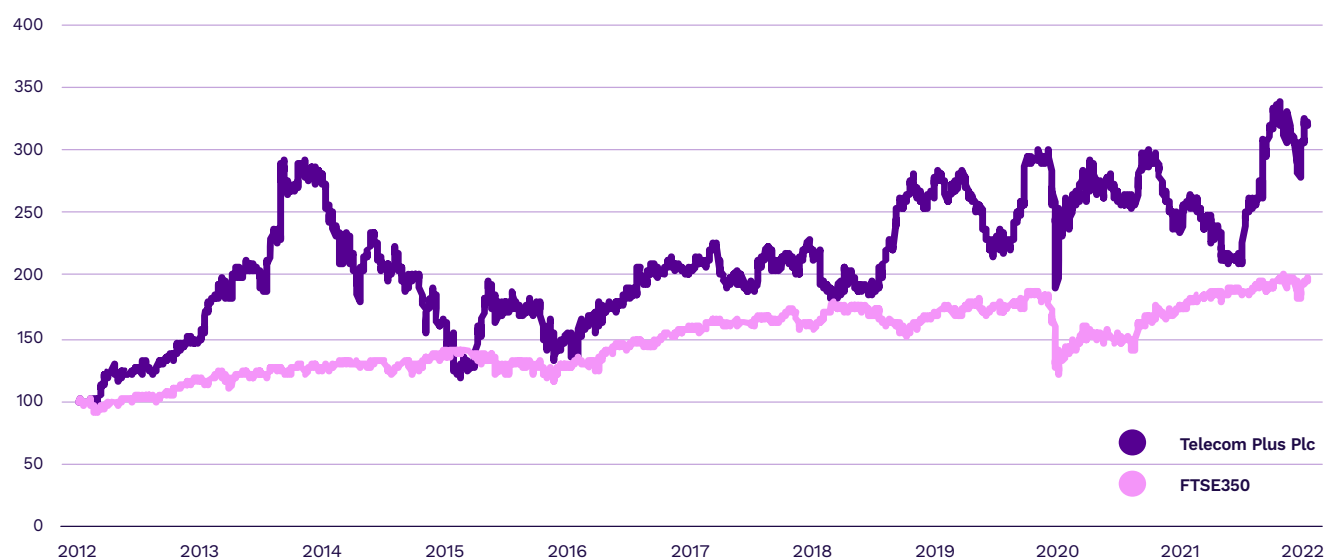
continued

LTIP 2016

Performance measures and targets for the LTIP 2016 Award are detailed in the 2019 Annual Report and Accounts on page 69.

Performance Graph showing Total Shareholder Return

The following graph shows the Company's performance measured by total shareholder return compared with the FTSE 350 Index for the period 1 April 2012 to 31 March 2022. The FTSE 350 Index has been chosen as the Company is a comparator of this Index.



Source: Thompson Reuters Datastream

Table of historical data

The following table sets out the total remuneration and the amount vesting under the annual bonus and share incentive schemes as a percentage of the maximum that could have been achieved, in respect of the Chief Executive. The Chief Executive was Mr Andrew Lindsay in all years shown in the table.

Year ended 31 March	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Single figure of total remuneration £'000	399	432	2,175	2,017	523	555	581	594	1,141	1,214
Annual bonus (%)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	62.6	69.5
Share incentives vesting (%)	N/A	N/A	100%	N/A	N/A	N/A	N/A	N/A ¹	N/A	N/A

1. Although 3,750 growth shares under the LTIP 2016 vested to the Chief Executive during 2020 and a further 3,750 in 2021, the minimum share price at which these are convertible into ordinary shares in the Company is £20 and this was not achieved during the period.

Annual Percentage Change in Remuneration of directors and employees

The table below sets out the percentage change in each director's salary/fees, benefits and bonus between the years ended 31 March 2020 and 31 March 2021, and 31 March 2021 and 31 March 2022 compared to the average employee remuneration of the Company for each of these elements of pay, calculated on a full-time equivalent basis. The average employee change has been calculated by reference to the mean of employee pay.

	Year	Salary & fees	Benefits	Bonus
Charles Wigoder	2021/2022	1.0%	N/A	N/A
	2020/2021	2.0%	N/A	N/A
Andrew Lindsay	2021/2022	1.0%	16.7%	12.0%
	2020/2021	3.1%	(66.7)%	N/A
Nick Schoenfeld	2021/2022	1.0%	0.0%	12.2%
	2020/2021	3.1%	0.0%	N/A
Stuart Burnett	2021/2022 ¹	19.0%	0.0%	23.4%
	2020/2021	N/A	N/A	N/A
Andrew Blowers	2021/2022	1.0%	N/A	N/A
	2020/2021	0.0%	0.0%	N/A
Beatrice Holland	2021/2022	1.0%	N/A	N/A
	2020/2021	0.0%	N/A	N/A
Melvin Lawson	2021/2022	1.0%	N/A	N/A
	2020/2021	0.0%	N/A	N/A
Julian Schild	2021/2022	1.0%	N/A	N/A
	2020/2021	0.0%	N/A	N/A
Suzi Williams ²	2021/2022	1.0%	N/A	N/A
	2020/2021	N/A	N/A	N/A
Average employee	2021/2022	(9.0)%	(24.6)%	41.2%
	2020/2021	4.5%	(0.1)%	(1.5)%

1. Increases due to his promotion to Co-CEO in November 2021 and subsequent changes to his remuneration package as detailed on page 60.

2. For comparative purposes Suzi Williams' remuneration for the year ended 31 March 2021 has been annualised.

The fall in average employee salary in 2021/2022 shown in the table above is mainly due to the increase in the number of entry-level employees taken on by the Company during the year to manage the significant increase in customer

growth. Employees who were employed by the Company as at 31 March 2021 received the same 1.0% annual increase as the directors.

Annual Report on Remuneration

continued

Chief Executive pay ratio

The table below sets out the Chief Executive pay ratio, using the Chief Executive's single total remuneration as disclosed on page 74 to the comparable full-time equivalent total remuneration of the UK employees whose pay is ranked at the 25th percentile, median and 75th percentile.

The Company used Option A to calculate the ratios as this is the approach typically preferred by shareholders and proxy voting agencies. The remuneration figures for the employee at each quartile were calculated as at that the last day of the relevant financial year. Sensitivity analysis has been performed to ensure that the median and quartile employees are reasonably representative.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2020	A	38:1	22:1	16:1
2021	A	59:1	41:1	33:1
2022	A	79:1	44:1	35:1

Pay details for the individuals in 2022 are set out below:

	CEO	25th percentile (lower quartile)	50th percentile (median)	75th percentile (upper quartile)
Salary	£589,000	£15,125	£26,916	£32,790
Total remuneration	£1,214,000	£15,305	£27,752	£35,029

The significant increase in the 25th percentile pay ratio shown in the table above is mainly due to the increase in the number of entry-level employees taken on by the Company during the year to manage the significant increase in customer growth.

The result of the median pay ratio is in line with the Company's general policy to provide a competitive remuneration package so as to enable the attraction and retention of high calibre individuals at each level.

Relative importance of the spend on pay

Set out below is a summary of the Company's levels of expenditure on pay and other significant cash outflows to key stakeholders. No share buybacks were made during the years ended 31 March 2021 or 31 March 2022.

Year ended 31 March	2022 £'000	2021 £'000	Change %
Wages and salaries	75,294	69,860	7.8%
Dividends	44,787	44,708	0.2%

Statement of Implementation of Remuneration Policy for the financial year commencing 1 April 2022

Information on how the Company intends to implement the Remuneration Policy for the financial year commencing 1 April 2022 is set out in the Annual Statement on page 61.

Advisers to the Committee

Wholly independent and objective advice on executive remuneration is received from the Committee's external advisers.

Deloitte were appointed as Remuneration Committee advisors in October 2020. Deloitte is one of the founding members of the Remuneration Consultants Group and is a signatory to its Code of Conduct.

Fees paid to Deloitte for their services to the Remuneration Committee during the year, based on time and expenses, amounted to £10,750 (excluding VAT). Deloitte also provided advice to the Company during the year in relation to taxation, climate-related financial disclosures and employee share plan matters.

Shareholder vote and shareholder engagement

Details of the votes cast in relation to the main remuneration resolutions the 2021 AGM and 2020 General Meeting are set out below:

	2021 AGM	%
To approve the 2021 Remuneration Report		
Votes cast in favour & Chairman discretion	42,309,735	76.50
Votes cast against	12,999,838	23.50
Total	55,309,573	100.00
Withheld	338,078	

	2020 GM	%
To approve the Directors' Remuneration Policy		
Votes cast in favour & Chairman discretion	51,620,500	95.56
Votes cast against	2,398,981	4.44
Total	54,019,481	100.00
Withheld	8,558	

The Board of the Company notes that the level of votes against the 2021 Directors' Remuneration Report put to the 2021 AGM exceeded 20%. The Company understands that this has been driven mainly by concerns raised by certain shareholders around Board diversity and historical directors' remuneration policy issues.

The Board engaged with its shareholders and used the feedback from this engagement to amend the Policy in a way that achieved better alignment with shareholders. The Board is committed to continuing its dialogue with shareholders on remuneration matters. As disclosed on page 60 the Committee intends to undergo a comprehensive review of our long term incentive provision for senior management and executive directors during 2022/23. The Committee will consult with shareholders where appropriate on any new scheme and any new scheme will be subject to shareholder approval at the 2023 AGM, alongside any new Remuneration Policy.

Andrew Blowers OBE

Chairman of the Remuneration Committee

On behalf of the Board

21 June 2022

Directors' Report

The directors have pleasure in presenting their report and the audited financial statements for the year to 31 March 2022.

Principal activities and business review

The Company's principal activity is to act as a holding company. The Company is incorporated and domiciled in England and Wales. The list of its subsidiaries is set out on page 118. A full review of the development of the business is contained in the Strategic Report on pages 2 to 46. A summary of the financial risk management objectives and policies is contained in note 22 to the financial statements. Environmental matters, including greenhouse house gas emissions are set out in the Sustainability Report on pages 31 to 42.

This Directors' Report, together with the information in the Strategic Report forms the management report for the purposes of DTR 4.1.8R.

Results and dividends

The profit for the year after tax of £35,003,000 (2021: £32,559,000) has been transferred to reserves. An interim dividend of 27p per share (2021: 27p) was paid during the year. A final dividend of 30p per share (2021: 30p per share) is proposed. The adjusted profit before tax for the year ended 31 March 2022 was £61.9 million (see Financial Review page 17).

Directors

The names of directors who served during the year and their interests, including those of their connected persons, in the share capital of the Company at the start and end of the year are set out in the table below. Details of the directors' share incentive awards are disclosed in the Directors' Remuneration Report on page 78.

Director	Ordinary 5p shares held at	
	31 March 2022	31 March 2021
Charles Wigoder	11,014,169	13,512,442
Julian Schild*	38,698	189,932
Andrew Lindsay	359,149	359,149
Nick Schoenfeld	7,951	7,951
Stuart Burnett	-	-
Andrew Blowers*	-	-
Beatrice Hollond*	1,800	1,800
Melvin Lawson*	1,436,744	1,436,744
Suzi Williams*	-	-

**indicates non-executive directors*

In respect of the above shareholdings, Mr Wigoder has a non-beneficial interest in 3,592,683 shares (2021: 4,092,683).

The powers of directors are set out in the Company's Articles of Association (the "Articles"). The Articles may be amended by way of a special resolution of the members of the Company. The Board may exercise all powers conferred on it by the Articles and in accordance with the Companies Act 2006, and other applicable legislation.

The Board has established a formal, rigorous and transparent process for the selection and subsequent appointment of new directors to the Board. The rules relating to the appointment and replacement of directors are contained within the Articles. The Articles provide that Directors may be appointed by an ordinary resolution of the members or by a resolution of the Directors, provided that, in the latter instance, a director appointed in that way retires at the first Annual General Meeting following their appointment. In addition, shareholders with in excess of 20% of the shares in the Company are entitled under the Articles to appoint a director and remove any such director appointed.

In accordance with current best practice, all Board directors will be retiring at the forthcoming AGM and will then offer themselves for re-election.

Directors' conflicts of interest

The Directors have a statutory duty to avoid situations where they have, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. The Companies Act 2006 and the Company's Articles allow the Board to authorise such conflicts of interest should this be deemed to be appropriate.

The Board has put in place effective procedures for managing and, where appropriate, approving conflicts or potential conflicts of interest. Under these procedures, the Directors are required to declare all directorships or other appointments to companies which are not part of the Group, as well as other situations which could give rise to a potential conflict. The Board will, where appropriate, authorise a conflict or potential conflict, and will impose all necessary restrictions and/or conditions where it sees fit. The Company maintains a register of directors' interests which is reviewed regularly by the Board.

Political donations

The Company did not contribute in cash or in kind to any political party, whether by gift or loan. It will, however, ensure that the Group continues to act within the provisions of the Companies Act 2006 requiring companies to obtain shareholder authority before they make donations to political parties and/or political organisations as defined in the Companies Act 2006.

Directors' and Officers' liability insurance

The Company maintains appropriate insurance to cover directors' and officers' liability and has provided an indemnity, as permitted by the Companies Act 2006, in respect of all of the Company's directors which was in force throughout the financial year and remains in force. Neither the insurance nor the indemnity provides cover where a director has acted fraudulently or dishonestly.

Employees

The requirements of the Companies Act 2006 in respect of employees are set out in the Strategic Report on pages 27 to 30.

Stakeholder engagement

More information on stakeholder engagement, including our relationships with our Partners, suppliers, customers and our community can be found in the Strategic Report on pages 41 to 42.

Substantial shareholders

As at 21 June 2022, in addition to the directors, the following have notified the Company of their substantial shareholdings as detailed below:

Shareholder	Number of shares	Percentage of issued share capital
Abdrn PLC	10,339,634	13.0%
Schroders Investment Management PLC	3,173,693	4.0%
Primestone Capital	2,708,539	3.4%
JP Morgan Asset Management	2,466,268	3.1%

Capital structure

Restrictions on the transfer of shares

The Company only has ordinary shares in issue. Other than as set out below, there are no restrictions on the transfer of the ordinary shares, except where a holder refuses to comply with a statutory notice requesting details of those who have an interest and the extent of their interest in a particular holding of shares. In such cases, where the identified shares make up 0.25% or more of the ordinary shares in issue, the directors may refuse to register a transfer of any of the identified shares in certificated form and, so far as permitted by the Uncertificated Securities Regulations 2001, a transfer of any of the identified shares which are held in the electronic share dealing system CREST, unless the directors are satisfied that they have been sold outright to an independent third party.

Directors' Report

continued

Other than as set out below and so far as the directors are aware, there were no arrangements at 31 March 2022 by which, with the Company's co-operation, financial rights carried by securities are held by a person other than a holder of securities, or any arrangements between holders of securities that are known to the Company and which may result in restrictions on the transfer of securities or on voting rights.

Executive Chairman Charles Wigoder entered into an agreement to charge 325,000 of his shares in the Company as security for a loan from Barclays Bank Plc ("Barclays") on 3 December 2013. The loan enabled him to apply for 57,142 ordinary shares as part of his open offer entitlement which resulted from funding the Company's entering into of the new energy supply arrangements with npower on 20 December 2013. Under the terms of the charge, title to the 325,000 shares can be transferred, sold or otherwise dealt with by Barclays following the occurrence of a failure to pay any amount due and payable under the loan.

On 22 March 2018 Charles Wigoder notified the Company that he had entered into an agreement to charge 1,404,000 of his shares in the Company as security for a loan from the Julius Baer Group ("Julius Baer"). Under the terms of the charge, title to the 1,404,000 shares can be transferred, sold or otherwise dealt with by Julius Baer following an event of default under the security agreement.

On 23 March 2018 Charles Wigoder notified the Company that he had deposited a further 350,000 of his shares in the Company into a collateral account at Barclays as partial security for an increase to his existing loan facility. Under the terms of his agreement with Barclays, title to the 350,000 shares can be transferred, sold or otherwise dealt with by them following an event of default under the security agreement.

The Company established a Joint Share Ownership Plan ("the JSOP") on 30 March 2011. As part of the JSOP an employee benefit trust was established to jointly hold shares with the participants in the plan ("the JSOP Share Trust"). As at 31 March 2022 the JSOP Share Trust held 252,638 shares. All voting and dividend rights attached to these shares have been waived.

Takeovers

There are no significant arrangements to which the Company is party that take effect, alter or terminate upon a change of control of the Company following a takeover bid, save in relation to the arrangements with E.ON (formerly npower) and EE/BT for the supply of energy and mobile telephony respectively, or any agreements between the Company and its directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

Authority for purchase of own shares

At the last AGM held on 22 July 2021, the Company obtained authority to purchase up to 7,877,831 ordinary shares representing approximately 10% of the issued ordinary share capital (excluding treasury shares) as at 18 June 2021. The Company intends to renew this authority at this year's AGM.

Treasury shares

The Company held 482,276 ordinary shares in treasury as at 31 March 2022 (2021: 482,276).

Disclosure of information

Each of the directors has confirmed that so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and that they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Corporate governance

The Company's position in relation to compliance with the requirements of the UK Corporate Governance Code issued by the Financial Reporting Council is set out mainly in the Corporate Governance Statement on pages 51 to 54.

Risk, control and viability

In accordance with the UK Corporate Governance Code, the Directors have assessed the viability of the Group over a three year period, taking into account the Group's current position and the potential impact of the principal risks and uncertainties set out on pages 20 to 26. Based on this assessment, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to March 2025.

The directors have determined that a three-year period to 31 March 2025 constitutes an appropriate period over which to provide its viability statement. This is the period focussed on by the Board during the strategic planning process.

Whilst the directors have no reason to believe the Group will not be viable over a longer period, given the inherent uncertainty involved we believe this presents users of the Annual Report with a reasonable degree of confidence while still providing a longer-term perspective.

In making this statement, the Board carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

The Board considers at least annually, a three-year strategic plan. The output of this plan is used to perform central debt and headroom profile analysis, which includes a review of sensitivity to 'business as usual' risks, such as bad debt in severe but plausible events.

The Board also considers the ability of the Group to raise finance and deploy capital. The results take account of the availability and likely effectiveness of the mitigating actions that could be taken to avoid or reduce the impact or occurrence of the underlying risks.

Under the revised energy supply arrangements which were effective from 1 December 2013, EON continues to be responsible for funding the principal working capital requirements relating to the supply of energy to the Company's customers. This includes funding the Budget Plans of customers who pay for their energy in equal monthly instalments.

The Group has from Barclays Bank PLC, Lloyds Bank PLC and Bank of Ireland total revolving credit facilities of £175.0 million for the period to 30 June 2024, of which only £100 million was drawn down as at 31 March 2022, with cash balances of £29.6m on deposit. In light of the track record of the Company and its continued prospects, successful refinancing beyond 2024 is anticipated by the directors.

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

Whilst this review does not consider all of the risks that the Group may face, the directors consider that this stress-testing based assessment of the Group's prospects is reasonable in the circumstances of the inherent uncertainty involved.

For and on behalf of the Board
David Baxter
Company Secretary
21 June 2022

Statement of Directors' Responsibilities in Respect of the Report and Accounts and the Financial Statements

The directors are responsible for preparing the Report and Accounts and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements on the same basis.

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 parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the Group financial statements, UK-adopted international accounting standards;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule 4.114R, the financial statements will form part of the annual financial report prepared using the single electronic reporting format under the TD ESEF Regulation. The auditor's report on these financial statements provides no assurance over the ESEF format.

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Charles Wigoder
Executive Chairman
21 June 2022

Nick Schoenfeld
Chief Financial Officer
21 June 2022

Independent Auditor's Report to the Members of Telecom Plus PLC

1. Our opinion is unmodified

We have audited the financial statements of Telecom Plus PLC ("the Company") for the year ended 31 March 2022 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated and Company Cashflow Statements and Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity and the related notes, including the accounting policies in note 1.

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 March 2022 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 UK - adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; 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 are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors on 15 February 2015. The period of total uninterrupted engagement is for the eight financial years ended 31 March 2022. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: group financial statements as a whole	£2.36m (2021: £2.2m)	
	4.7% (2021: 5.0%) of profit before tax	
Coverage	98% (2021: 100%) of group profit before tax	

Key audit matters vs 2021		
Recurring risks	Expected Credit Losses on Trade Receivables and Accrued Income	▲
	Non-Smart Meter Energy revenue recognition	▼
	Recoverability of parent company's investment in subsidiaries (Parent)	◀▶

Independent Auditor's Report to the Members of Telecom Plus PLC **continued**

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, 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. We summarise

below the key audit matters (unchanged from 2021), in decreasing order of significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Expected Credit Losses on Accrued Income and Trade Receivables	Subjective Estimate	Our procedures included:
(Loss allowance £25.0m; 2021: £23.2m) Refer to page 57 (Audit Committee Report), page 108 (accounting policy) and page 123 (financial disclosures).	Significant estimation uncertainty is associated with the expected credit loss provision over trade receivables and accrued income at each reporting date. In the current period this uncertainty is heightened by the impact of the ongoing cost of living crisis. The allowance for expected credit loss is recognised based on an estimate of future cashflows. In arriving at this estimate, the Group considers whether the customer is live or closed (live being an ongoing customer; closed being a former customer), the current ageing profile of debt, historical collections experience by payment plan, and an assessment of current economic conditions. The effect of these matters is that, as part of our risk assessment, we determined that the expected credit losses for trade receivables has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, the financial statements disclose the sensitivity estimated by the Group.	• Test of Detail, Re-calculation: Validate the segmentation of debt (principally by age, and between live and closed accounts), by selecting a sample of receivables and agreeing to supporting documents. Assess whether the expected credit loss was accurately and consistently calculated in accordance with the Group's methodology. • Historical comparisons: Evaluate the appropriateness of the Group's estimate based on historical cash collections and write off information to the actual outcome. • Sector experience: Evaluate the assessment of how current and future economic scenarios are incorporated into the expected credit loss, based on our knowledge of the entity and experience of the industry in which it operates. • Assessing transparency: Considering whether the disclosures properly reflect the expected credit loss accounting policy and related critical accounting estimates, judgements and assumptions therein. We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our results • We found the group's assessment of the expected credit losses on trade receivables and accrued income to be acceptable (2021: acceptable).

	The risk	Our response
Non-Smart Meter Energy revenue recognition (£94.7m; 2021: £110.1m) Refer to page 57 (Audit Committee Report), page 103 (accounting policy), and page 110 (financial disclosures).	Use of estimates A significant element of Revenue recognised in relation to the supply of gas and electricity includes making an estimate of the volume of energy supplied to customers between the date of the last meter reading and the year end for non-smart meters. The method of estimating usage is reliant on historical data, and is subject to volatility in weather patterns. The risk of misstatement is that the estimated non-smart meter energy revenue does not reflect the gas and electricity actually delivered as at 31 March 2022. The quantum of the revenue subject to an estimate is such that even a relatively small percentage error could result in a materially misstated outcome. The effect of these matters is that, as part of our risk assessment, we determined that non-smart meter energy revenue has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements disclose the sensitivity estimated by the Group.	Our procedures included: • Test of detail: Obtaining all meter readings received within a period two days either side of the year end and comparing against the estimated usage derived from the billing system. A sample of the actual meter readings were validated to source documentation. The accuracy of non-smart meter energy revenue for which no meter readings were received at year end, was then assessed by utilising the average difference between actual and estimated meter readings, applied across the non-smart meter population. • Test of detail: Assessing the volume and nature of customer complaints received in relation to estimated meter readings in order to identify whether any indicators exist of an underlying issue with the Group's estimation of energy usage; and • Assessing transparency: Considering whether the critical accounting estimates, judgements and assumptions, and accounting policy disclosures properly reflect the judgements and estimates inherent in recognising non-smart meter revenue. We performed the tests above rather than seeking to rely on any of the group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our results • We found the resulting estimate of non-smart meter energy revenue to be acceptable (2021 result: acceptable).
Recoverability of parent Company's investment in subsidiaries (£262.0m; 2021: £262.0m) Refer to page 108 (accounting policy), and page 118 (financial disclosures).	Low risk, high value The carrying amount of the parent company's investment in subsidiary represents 99% (2021: 99%) of the company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the parent company financial statements, this is considered to be the area that had the greatest effect on our overall parent company audit.	Our procedures included: • Tests of detail: Comparing the carrying amount of the investment value within the subsidiary's draft balance sheet to identify whether the net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether the subsidiary has historically been profit-making. • Assessing subsidiary audit: Assessing the work performed by the Group audit team on that subsidiary and considering the results of that work on that subsidiary's profits and net assets. We performed the tests above rather than seeking to rely on the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our results • We found the group's assessment of the recoverability of the investment in its subsidiary to be acceptable. (2021 result: acceptable).

Independent Auditor’s Report to the Members of Telecom Plus PLC continued

3. Our application of materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at £2.36m (2021: £2.2m), determined with reference to a benchmark of Group profit before tax of £49.8m (2021: £43.5m) of which it represents 4.7% (2021: 5%).

Materiality for the parent company financial statements as a whole was set at £2.0m (2021: £1.4m), determined with reference to a benchmark of Company total assets, of which it represents 0.8% (2021: 0.5%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2021: 75%) of materiality for the financial statements as a whole, which equates to £1.77m (2021: £1.65m) for the group and £1.5m (2021: £1.05m) for the parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £118,000 (2021: £110,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

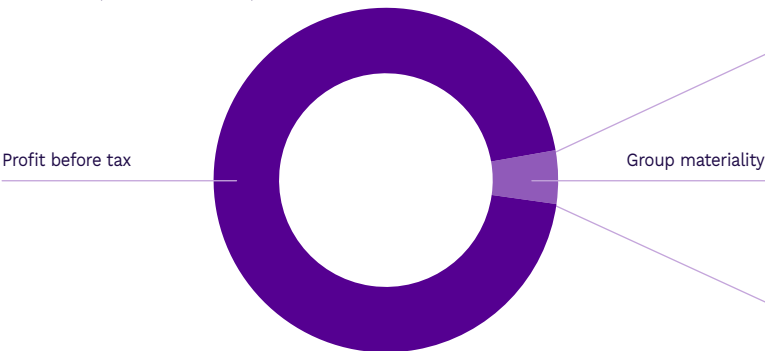
Of the Group’s 9 (2021: 9) reporting components, we subjected 4 (2021: 4) to full scope audits for group purposes. All audits, including the audit of the parent company, were conducted by the group team, with a component materiality ranging from £0.93m to £2m (2021: £0.77m to £1.4m).

The components within the scope of our work accounted for the percentages illustrated opposite.

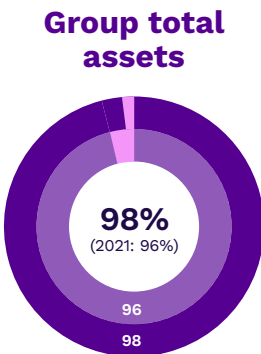
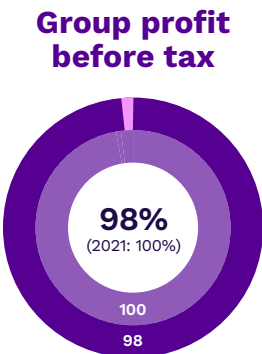
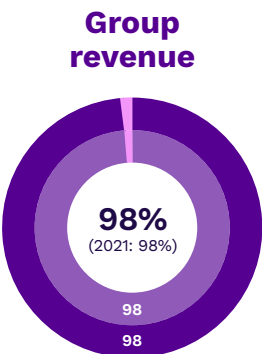
For these residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The scope of the audit work performed was predominantly substantive as we placed limited reliance upon the Group’s internal control over financial reporting.

Group Profit before tax
£49.8m (2021: £43.5m)



Group materiality
£2.36m (2021: £2.2m)



- Full scope for group audit purposes 2021
- Full scope for group audit purposes 2020
- Residual components

4. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources over this period were:

- The ability of the customer base to pay for the services they are using as a result of impacts from the "cost of living crisis".

We considered whether these risks could plausibly affect the liquidity and covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the Directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement on page 102 to the financial statements on the use of the going concern

basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable; and

- the related statement under the Listing Rules set out on page 86 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

5. The impact of climate change on our audit

We have considered the potential impacts of climate change on the financial statements as part of the planning and risk assessment of our audit, and we held discussions with our climate change professionals to challenge our risk assessment. The key factor relevant to this consideration being that the principal activity of the company is as a resell of utility services as opposed to power generation within the energy sector. This limits any direct short term impacts and therefore no specific areas of focus were identified. We have read the disclosure of climate related information in the front half of the annual report and considered consistency with the financial statements and our audit knowledge.

6. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.

Independent Auditor's Report to the Members of Telecom Plus PLC continued

- Reading Board and audit committee meeting minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates such as energy estimation and expected credit loss provisions. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue constitutes a high volume of individually small transactions with little complexity or judgement, and estimates are based on data obtained from third parties, with limited opportunity for bias.

We identified a fraud risk related to expected credit losses on trade receivables and accrued income because of the significant estimates and judgements required and potential pressures to meet profit targets. Further details are set out in the key audit matter discussion disclosure in section 2 of this report.

We also performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included revenue and cash entries posted to unusual accounts.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: compliance with its licence obligations set by Ofgem, Ofcom, FCA and certain aspects of company legislation recognising the regulated nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We discussed with the audit committee matters related to actual or suspected breaches of laws or regulations, for which disclosure is not necessary, and considered any implications for our audit.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

7. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of principal risks and uncertainties and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Risk, Control and Viability Statement, page 86 that they have carried out a robust assessment of the principal risks and uncertainties facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks and Uncertainties disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the Risk, Control and Viability Statement how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Risk, Control and Viability Statement, set out on page 86 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues

Independent Auditor's Report to the Members of Telecom Plus PLC continued

that the audit committee considered in relation to the financial statements, and how these issues were addressed; and

- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in this respect.

8. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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 and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 87, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared using the single electronic reporting format specified in the TD ESEF Regulation. The auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with that format.

10. The purpose of our audit work and to whom we owe our responsibilities

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.

Robert Seale (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
21 June 2022

Consolidated Statement of Comprehensive Income for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Revenue	1	967,433	861,204
Cost of sales		(778,958)	(688,104)
Gross profit		188,475	173,100
Distribution expenses		(29,686)	(27,849)
Administrative expenses		(84,423)	(76,820)
Share incentive scheme charges		(960)	(1,377)
Amortisation of energy supply contract intangible		(11,228)	(11,228)
Total administrative expenses		(96,611)	(89,425)
Impairment loss on trade receivables	13	(11,566)	(11,213)
Impairment of goodwill	8	(1,536)	-
Other income	1	1,844	1,175
Operating profit	2	50,920	45,788
Financial income		136	84
Financial expenses	3	(2,709)	(2,358)
Net financial expense		(2,573)	(2,274)
Loss on disposal of subsidiary		(1,139)	-
Profit before taxation		47,208	43,514
Taxation	5	(12,205)	(10,955)
Profit for the period		35,003	32,559
Profit and other comprehensive income for the year attributable to owners of the parent		35,467	32,577
Loss for the year attributable to non-controlling interest		(464)	(18)
Profit for the period		35,003	32,559
Basic earnings per share	19	45.1p	41.5p
Diluted earnings per share	19	45.0p	41.4p

The accompanying notes form part of these financial statements.

Consolidated Balance Sheet as at 31 March 2022

	Note	2022 £'000	2021* £'000
Assets			
Non-current assets			
Property, plant and equipment	6	26,180	34,865
Investment property	6	8,345	8,575
Intangible assets	7	152,418	160,626
Goodwill	8	3,742	5,324
Other non-current assets	12	32,855	28,595
Total non-current assets		223,540	237,985
Current assets			
Inventories		4,152	6,325
Trade and other receivables	13	50,463	51,666
Current tax receivable		-	726
Accrued income	13	134,917	120,395
Prepayments		4,077	4,809
Costs to obtain contracts	14	15,151	15,702
Cash		29,647	25,056
Assets classified as held for sale		3,838	-
Total current assets		242,245	224,679
Total assets		465,785	462,664
Current liabilities			
Trade and other payables	16	(38,101)	(30,374)
Accrued expenses and deferred income	17	(113,493)	(122,295)
Current tax payable		(8)	-
Liabilities classified as held for sale		(7,551)	-
Total current liabilities		(159,153)	(152,669)
Non-current liabilities			
Long term borrowings	15	(99,215)	(89,376)
Lease liabilities	15	(766)	(7,096)
Deferred tax	10	(1,078)	(1,145)
Total non-current liabilities		(101,059)	(97,617)
Total assets less total liabilities		205,573	212,378
Equity attributable to equity holders of the parent			
Share capital	18	3,982	3,970
Share premium		147,112	145,094
Capital redemption reserve		107	107
Treasury shares	18	(5,502)	(5,502)
JSOP reserve		(1,150)	(1,150)
Retained earnings		61,935	70,306
		206,484	212,825
Non-controlling interest		(911)	(447)
Total equity		205,573	212,378

*The presentation of the Consolidated Balance Sheet has been re-stated to reclassify the Costs to obtain contracts on the face of the statement, previously these were included in Trade and other receivables and Prepayments (refer to the Presentation of financial statements section of the Notes to the consolidated financial statements). The accompanying notes form part of these financial statements.

These accounts were approved and authorised for issue by the Board on 21 June 2022

Andrew Lindsay, Director

Nick Schoenfeld, Director

Company Balance Sheet as at 31 March 2022

	Note	2022 £'000	2021 £'000
Assets			
Non-current assets			
Investments in subsidiary undertakings	9	262,037	262,037
Other non-current assets	12	2,956	2,956
Total non-current assets		264,993	264,993
Current assets			
Trade and other receivables	13	50	30
Prepayments and accrued income		207	203
Cash		678	297
Total current assets		935	530
Total assets		265,928	265,523
Current liabilities			
Trade and other payables	16	(55,325)	(61,227)
Accrued expenses and deferred income	17	(68)	(64)
Total current liabilities		(55,393)	(61,291)
Non-current liabilities		-	-
Total assets less total liabilities		210,535	204,232
Equity			
Share capital	18	3,976	3,962
Share premium		147,112	145,094
Capital redemption reserve		107	107
Treasury shares	18	(5,502)	(5,502)
Retained earnings		64,842	60,571
Total equity		210,535	204,232

By virtue of section 408 of the Companies Act 2006 the Company is exempt from presenting a statement of comprehensive income. The Company made a loss for the year of £942,000 before the receipt of distributions from subsidiary companies of £50,000,000 (2021: loss of £827,000 before receipt of distributions from subsidiary companies of £50,000,000).

These accounts were approved and authorised for issue by the Board on 21 June 2022

Andrew Lindsay, Director

Nick Schoenfeld, Director

The accompanying notes form part of these financial statements.

Consolidated and Company Cash Flow Statements for the year ended 31 March 2022

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Operating activities				
Profit before taxation	47,208	43,514	49,058	49,173
Adjustments for:				
Distributions from subsidiary companies	-	-	(50,000)	(50,000)
Net financial expense	2,573	2,274	-	-
Impairment of goodwill	1,536	-	-	-
Loss on disposal of subsidiary	1,139	-	-	-
Depreciation of property, plant and equipment	4,558	4,731	-	-
Profit on disposal of fixed assets	(940)	(47)	-	-
Amortisation of intangible assets	15,786	14,550	-	-
Amortisation of debt arrangement fees	436	356	-	-
Decrease/(increase) in inventories	2,173	(1,694)	-	-
Increase in trade and other receivables (including Costs to obtain contracts)	(18,750)	(6,713)	(24)	(140)
(Decrease)/increase in trade and other payables	6,144	(4,046)	48	22
Decrease in inter-company payable	-	-	(5,946)	(6,144)
Share incentive scheme charges	960	1,377	-	-
Corporation tax paid	(11,528)	(10,945)	-	-
Net cash flow from operating activities	51,295	43,357	(6,864)	(7,089)
Investing activities				
Purchase of property, plant and equipment	(2,196)	(2,582)	-	-
Purchase of intangible assets	(7,747)	(7,457)	-	-
Disposal of property, plant and equipment	1,567	100	-	-
Distributions from subsidiary companies	-	-	50,000	50,000
Interest received	136	98	-	-
Cash flow from investing activities	(8,240)	(9,841)	50,000	50,000
Financing activities				
Dividends paid	(44,787)	(44,708)	(44,787)	(44,708)
Interest paid	(2,630)	(2,002)	-	-
Interest paid on lease liabilities	(238)	(246)	-	-
Drawdown of long term borrowing facilities	65,000	30,000	-	-
Repayment of long term borrowing facilities	(55,000)	(35,000)	-	-
Fees associated with borrowing facilities	(597)	-	-	-
Repayment of lease liabilities	(1,530)	(1,321)	-	-
Issue of new ordinary shares	2,032	1,206	2,032	1,206
Cancellation of B shares in subsidiary	(2)	-	-	-
Cash flow from financing activities	(37,752)	(52,071)	(42,755)	(43,502)
(Decrease)/increase in cash and cash equivalents	5,303	(18,555)	381	(591)
Net cash and cash equivalents at the beginning of the year	25,056	43,611	297	888
Net cash and cash equivalents at the year end	30,359	25,056	678	297
Cash and cash equivalents per balance sheet	29,647	25,056	678	297
Cash and cash equivalents included within assets classified as held for sale	712	-	-	-
Net cash and cash equivalents at the year end	30,359	25,056	678	297

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity for the year ended 31 March 2022

Consolidated	Share capital	Share premium	Capital redemption reserve	Treasury shares	JSOP reserve	Retained earnings	Non-controlling interest	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2020	3,962	143,896	107	(5,502)	(1,150)	81,068	(429)	221,952
Profit and total comprehensive income	-	-	-	-	-	32,577	(18)	32,559
Dividends	-	-	-	-	-	(44,708)	-	(44,708)
Credit arising on share options	-	-	-	-	-	1,377	-	1,377
Deferred tax on share options	-	-	-	-	-	(8)	-	(8)
Issue of new ordinary shares	8	1,198	-	-	-	-	-	1,206
Balance at 31 March 2021	3,970	145,094	107	(5,502)	(1,150)	70,306	(447)	212,378
Balance at 1 April 2021	3,970	145,094	107	(5,502)	(1,150)	70,306	(447)	212,378
Profit and total comprehensive income	-	-	-	-	-	35,467	(464)	35,003
Dividends	-	-	-	-	-	(44,787)	-	(44,787)
Credit arising on share options	-	-	-	-	-	960	-	960
Deferred tax on share options	-	-	-	-	-	(11)	-	(11)
Issue of new ordinary shares	14	2,018	-	-	-	-	-	2,032
Cancellation of B shares in subsidiary	(2)	-	-	-	-	-	-	(2)
Balance at 31 March 2022	3,982	147,112	107	(5,502)	(1,150)	61,935	(911)	205,573

The accompanying notes form part of these financial statements.

Company Statement of Changes in Equity for the year ended 31 March 2022

Company	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Treasury shares £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2020	3,954	143,896	107	(5,502)	56,106	198,561
Profit and total comprehensive income/(loss)	-	-	-	-	(827)	(827)
Distributions from subsidiary companies	-	-	-	-	50,000	50,000
Dividends	-	-	-	-	(44,708)	(44,708)
Issue of new ordinary shares	8	1,198	-	-	-	1,206
Balance at 31 March 2021	3,962	145,094	107	(5,502)	60,571	204,232
Profit and total comprehensive income/(loss)	-	-	-	-	(942)	(942)
Distributions from subsidiary companies	-	-	-	-	50,000	50,000
Dividends	-	-	-	-	(44,787)	(44,787)
Issue of new ordinary shares	14	2,018	-	-	-	2,032
Balance at 31 March 2022	3,976	147,112	107	(5,502)	64,842	210,535

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

General information

Telecom Plus PLC (the 'Company') is a company domiciled in the United Kingdom. The consolidated financial statements of the Company for the year ended 31 March 2022 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in associates.

The financial statements were authorised for issue by the directors on 21 June 2022.

Presentation of financial statements

As a result of the relative size and historical volatility of share incentive scheme charges it has been decided to separately disclose the amounts on the face of the Consolidated Statement of Comprehensive Income.

In view of the size and nature of the charge as a non-cash item, the amortisation of energy supply contract intangible asset has also been separately disclosed on the face of the Consolidated Statement of Comprehensive Income for the period. More information regarding the intangible asset is set out in note 7 of these financial statements.

Prior year reclassification

In order to provide greater clarity, the presentation of the Balance Sheet as at 31 March 2021 has been changed to reclassify the costs to obtain contracts with customers. Previously the elements comprising the costs to obtain contracts with customers were included in Trade and other receivables (£10,040,000) and Prepayments (£5,662,000), which have now decreased by the corresponding amounts to £51,666,000 and £4,809,000 respectively. There has been no impact on the income statement or net assets for the prior year or on the opening balances as at 1 April 2020. See note 14 to the financial statements.

Significant accounting policies

(a) Statement of compliance

These Group and parent company financial statements were prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

(b) Basis of preparation

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 46. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 17 to 19 and within notes 15 and 22 to the financial statements. In addition, notes 15 and 22 include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

Under the revised energy supply arrangements which were effective from 1 December 2013, E.ON (formerly npower) continues to be responsible for funding the principal working capital requirements relating to the supply of energy to the Company's customers. This includes funding the Budget Plans of customers who pay for their energy in equal monthly instalments.

Going concern

Since September 2021, increases in wholesale costs have resulted in suppliers across the energy retail market collapsing. However, as a result of its wholesale supply agreement with E.ON the Group is not directly exposed to short-term fluctuations in the energy wholesale markets with E.ON undertaking the required hedging.

The Group has total revolving credit facilities of £175.0 million with Barclays Bank PLC, Lloyds Bank PLC and Bank of Ireland Group PLC for the period to 30 June 2024, of which £100 million was drawn down as at 31 March 2022 (2021: £90m drawn down). Further detail regarding the maturity and applicable covenants is disclosed in note 15.

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

Notes to the Consolidated Financial Statements

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Consequently, the directors have a reasonable expectation that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

The accounting policies set out below have been consistently applied to both years presented, unless otherwise stated. The financial statements have been prepared on a historical costs basis.

Critical accounting estimates, judgements and assumptions

In the process of applying the Group's accounting policies, which are described below, the Directors have made judgements, estimations and assumptions regarding the future. The judgements, estimations, and assumptions that have the most significant impact on the amounts recognised in the financial statements are detailed below.

Estimates and judgements are evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In future, actual results may differ from these estimates and assumptions.

Significant estimates

Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the year in which the estimates are revised and in any future years affected. The areas involving significant risk resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(i) Revenue recognition

The Group recognises energy revenues on an individual meter-by-meter basis. These revenues are recognised on the basis of actual meter readings where these are available at each month end, and estimation for each meter where meter readings are not available. Each month customers are sent a bill setting out the amount of energy that they have used, based either on actual or estimated meter readings. These amounts of individual customer billed usage form the basis of the recognition of energy revenues.

The Group is among the leaders in the energy industry for smart meter installations and has a very high penetration of smart meters within its customer base of approximately 65% at the year end. Smart meters are able to remotely feedback actual meter readings at period ends to suppliers.

Actual meter readings received from smart meters at each period end are therefore used to recognise a large portion of energy revenues.

In relation to the estimation of revenues from non-smart meter customers, where meter readings have not been communicated through a manual meter reading, the Group estimates the amount of energy consumed by each meter. These estimations are based on observed historical seasonal meter-by-meter consumption patterns which are adjusted for the actual impact on usage of weather (using third-party information provided by the energy industry and information from smart meters).

Whilst these estimation routines are currently considered appropriate, a significant change in historical consumption patterns and/or a failure to maintain the accuracy of the estimation routines could materially impact the amount of revenue recognised for non-smart meters. However, the Group's estimation routines are predominantly driven by empirical meter-by-meter industry data and monitored for accuracy on a monthly basis.

The amount of estimated energy revenue recognised from non-smart meters in the year ended 31 March 2022 was £94.7m (2021: £110.1m). The range of reasonable outcomes for the estimated energy revenue is considered to be significant, if the estimation routines used were impacted by an indicative sensitivity of +/-1.0% accuracy overall, the difference in energy revenues recognised in the period would be +/-£0.9m (2021: £1.1m).

(ii) Recoverability of trade receivables

At each reporting date, the Group evaluates the estimated recoverability of trade receivables and records allowances for expected credit losses based on experience. Estimates associated with these allowances are based on, among other things, the historical collection experience of those categories (principally whether the indebted customer remains with the Group or not, and the age of the debt). The Group also makes an assessment of the expected future losses where appropriate. The actual level of trade receivables collected may differ from the estimated levels of recovery, which could impact operating results positively or negatively.

At 31 March 2022, the allowance for expected credit losses relating to customer invoicing was £25.0m. If the collection experience was to improve/decline by an indicative sensitivity of +/- 5% this would increase / decrease the provision by +/- £1.5m accordingly.

Significant judgements

There are no key judgements made by management in the process of applying the Group's accounting policies.

(c) Basis of consolidation

(i) Subsidiaries

The Group's financial statements consolidate the financial statements of Telecom Plus PLC and its subsidiaries. Subsidiaries are consolidated from the date on which control transfers to the Group and are included until the date on which the Group ceases to control them.

Control is recognised where an investor is expected to receive, or has rights to, variable returns from its investment in the investee and has the ability to affect these returns through its power over the relevant activities of the investee. Transactions between Group companies are eliminated on consolidation.

(ii) Assets and liabilities classified as held for sale

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent remeasurement although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

(iii) Employee benefit trusts

In accordance with IFRS 10 Consolidated Financial Statements, the assets and liabilities of employee benefit trusts are consolidated in the Group financial statements. Employee benefit trusts are treated as a legal entity separate from the Company but as subsidiaries of the Company.

Any loans made by the Company to employee benefit trusts are accounted for as loans in accordance with the relevant terms. When the trust transfers shares to employees to satisfy share incentive scheme awards, this is considered to be, in substance, two transactions: a distribution of the shares from the employee benefit trust back to the Company as treasury shares, followed by a distribution of those shares to the employees.

(d) Revenue

Overview

Revenue is the value of goods and services supplied to external customers and Partners excluding value added tax and other sales related taxes. For each of the Group's main income streams from the provision of fixed line telephony, broadband, mobile telephony, gas and electricity services, transactions are recorded as sales in the month when the transfer of those services or the supply of goods takes place. The Group's customers are invoiced in the month following that in which the services are provided. Tariffs are set by customer, by service, and these can vary depending on the number of services provided. Each element of any package is considered independently for the purposes of a performance obligation to determine how the price is derived.

The Group also generates revenue as a result of providing bill payment protection and accidental death cover to customers for a monthly fee. The Group also offers home insurance and boiler cover services to customers. The Group does not retain the insurance risk for these services.

Revenue recognition - agent versus principal

Management assesses the revenue recognition of each of the Group's service offerings on either an agent or principal basis. The identification of the principal in the contract is not always clear, specifically whether the Group controls the service prior to transfer to the customer. The determination of whether the Group is a principal or an agent for each service offering is evaluated by establishing which entity is responsible for providing the specified goods or services against a list of indicators that could indicate an agency relationship. These include:

- (i) Evaluating which entity is primarily responsible for providing the specified goods or services.
- (ii) Evaluating whether the Group has inventory risk.
- (iii) Evaluating whether the Group has the discretion to establish the pricing structure.

Notes to the Consolidated Financial Statements

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The Group primarily acts as a reseller of utilities and in supplying the majority of these services to customers the Group is considered to be primarily responsible for fulfilment of the service and has the discretion to establish pricing and key terms. Revenue for these services is therefore recognised as a principal.

For services where the Group offers home insurance, boiler and home emergency cover, and bill protection, revenue is recognised on an agency basis as the Group does not retain any underwriting risk and acts as an agent to the underlying insurer. During the period the Group recognised £5.3m (2021: £5.9m) of revenue on an agency basis.

Revenue recognition – Energy services

The recognition of revenue associated with the provision of gas and electricity services to customers on non-smart meters by the Group relies on estimates of usage where meter readings are not available. These estimations are based on observed historical seasonal meter-by-meter consumption patterns which are adjusted for the actual impact on usage of weather (using third-party information provided by the energy industry and information from smart meters). Revenue is recognised over time during the period in which the Group transfers control of the services to the customer as the customer simultaneously receives and consumes the benefits provided by the entity performance. Any unbilled revenue is accrued at each period end.

Revenue recognition – Telephony services

The Group principally generates revenue from providing the following telecommunications services where it is responsible to the customer for rendering the underlying services: (i) fixed telephony line rental, call and broadband data charges; (ii) mobile telephony call and data charges; and (iii) mobile handset sales. Both the handset and service are priced on the relative standalone selling prices of each distinct performance obligation. The contract terms for certain fibre broadband services are 18 months and for mobile handsets 24 months. In relation to items (i) and (ii), revenue is recognised over time during the period in which the Group transfers control of the services to the customer as the customer simultaneously receives and consumes the benefits provided by the entity performance. Any unbilled revenue is accrued at each period end. Revenue for mobile handset sales are considered a separate performance obligation recognised at the point in time when the Group transfers control of the devices to the end user.

In the provision of broadband services, the Group provides customers with a broadband router at the start of their contract. The terms and conditions under which broadband routers are supplied to customers mean that routers are accounted for as finance leases. The Group therefore recognises the sale of the router at the retail price and creates a finance lease asset on the balance sheet for the routers shipped to customers at the point in time in a given month. Over the average customer lifetime of 7 years, the Group accrues finance income on the asset at the rate of interest that causes the present value of the future lease payments to equal the sum of the fair value of the asset. Part of the receipts under the service contract are then allocated between reducing the net asset and recognising finance income, resulting in the derecognition of the asset at the end of the 7 year life.

Revenue recognition – Cashback card services

In relation to Cashback cards, the following revenue streams are recognised by the Group at the time the services are supplied and charged to customers: (i) a small fixed monthly fee to cover provision of card management services; and (ii) transaction fees to cover the facilitation of the top-up of customer cards. The majority of the Cashback received from the Cashback card programme manager is passed to customers to reduce the payment they are required to make to the Group for their monthly utilities. Revenue is recognised over time during the period in which the Group transfers control of the services to the customer as the customer simultaneously receives and consumes the benefits provided by the entity performance. Any unbilled revenue is accrued at each period end.

In addition, the Group charges a small administrative fee for facilitating the issue of each Cashback card. Under IFRS 15, as the initial application fee is considered to be a non-refundable upfront fee that does not relate to the transfer of a promised good or services, the associated fee is therefore recognised over the expected life of the customer.

Revenue recognition – Bill protection and life cover, home insurance and boiler cover services

The Group charges customers a small monthly fee for bill payment protection in the event of redundancy and for a small amount of monthly life insurance cover. The Group also offers home insurance services to customers. In relation to the provision of bill protection and life cover, home insurance and boiler cover the Group does not retain any underwriting risk and therefore acts as an agent of the underlying insurer. The Group therefore recognises revenues on a commission income basis over time each month as the services are supplied and billed.

Revenue recognition – Other services

The Group also generates revenues from providing customers with paper bills and from charging customers late payment fees. In addition, the Group generates revenues from providing services to its network of Partners. Revenue is recognised over time during the period in which the Group transfers control of the services to the customer, or the late payment fees are incurred, and any unbilled revenue is accrued at each period end.

In marketing the sale of bundled services, the Group formerly offered most “Double Gold” and certain “Gold” customers the provision and installation of LED light bulbs throughout their homes (the ‘Daffodil’ scheme). The provision of Daffodil light bulbs was distinct from the provision of the other bundled goods and services. This resulted in an allocation of revenue to the light bulbs, which was being recognised at the point in time that control of the light bulbs was passed to the customer – i.e. at the point of installation by a Utility Warehouse fitter. There was a corresponding reduction in revenues from services over the remaining contractual term. The Group ceased these activities during the current year.

The Group also recognises revenue from the installation of central heating boilers. Revenue is recognised at the point in time when the Group transfers control of the boiler to the customer.

(e) Distributor commissions

The Group’s Partners earn commissions mainly on the introduction of new customers to the Group (‘upfront commissions’) and on the ongoing monthly use of the Group’s services by the customers they have introduced (‘trailing commissions’). Trailing commissions are recognised in the Statement of Comprehensive Income as they are earned by distributors on an accruals basis. Under IFRS 15, upfront commissions are capitalised and amortised over the expected life of the customer.

In relation to certain multiservice customers, distributors are able to bring forward the payment of a limited number of future monthly trailing commission payments expected to be due on the usage of customers they have introduced. These advanced commission payments are held on the Balance Sheet and are amortised on a straight-line basis through the Statement of Comprehensive Income over the period during which they are earned and would otherwise have been paid had the payment not been brought forward.

(f) Financial income and expenses

Financial income comprises interest income and is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest rate method. Financial expenses comprise bank interest and non-utilisation fees associates with the Company’s debt facilities.

(g) Leases

As a lessee

Recognition of a lease

The contracts are assessed by the Group to determine whether a contract is, or contains, a lease. In general contracts are deemed to contain a lease when the following apply:

- Conveys the right to control the use of an identified asset for a certain period in exchange for consideration;
- The Group has substantially all economic benefits from the use of the asset; and
- The Group can direct the use of the identified asset.

This policy is applied to contracts entered into, or changed, on or after 1 April 2019.

At commencement or on modification of a contract that contains a lease component, the Group recognises a right-of-use asset and a lease liability at the lease commencement date.

As a lessor

Where the Group is a lessor, it determines at inception whether the lease is a finance or an operating lease. When a lease transfers substantially all the risks and rewards of ownership of the underlying asset then the lease is a finance lease; otherwise the lease is an operating lease.

Income from operating leases is recognised on a straight-line basis over the lease term. Income from finance leases is recognised at lease commencement with interest income recognised over the lease term.

Right-of-use asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term, or the cost of

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the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The Group includes right-of-use assets within property, plant and equipment and the corresponding lease liabilities in 'lease liabilities' on the balance sheet.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(h) Hire purchase agreements

Hire purchase agreements relate to leases of assets where the Group has passed on substantially all the risks and rewards of ownership and are therefore classified as finance leases. When assets are leased out under finance leases, the present value of the minimum lease payments is recognised as a receivable.

(i) Taxation

The tax charge for the year comprises current and deferred tax. Taxation is recognised in the Statement of Comprehensive Income 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 on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised, based on the balance sheet liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(j) Property, plant and equipment

Property, plant and equipment is stated at cost less a provision for depreciation. Depreciation is calculated so as to write off the cost less estimated residual value of the assets in equal instalments over their expected useful lives. No depreciation is provided on freehold land. Depreciation is provided on other assets at the following rates:

Freehold buildings	50 years
Freehold and leasehold improvements	3 to 25 years
Plant and machinery	15 years
Fixtures, fittings and office equipment	
- Fixtures and fittings	7 to 10 years
- Computer and office equipment	3 to 5 years
Motor vehicles	3 to 4 years

The carrying amounts of property, plant and equipment are reviewed for impairment when there is an indication that they may be impaired.

(k) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation. Rental income from investment properties is accounted for on an accruals basis.

(l) Intangible assets

Intangible assets which arise (e.g. on the entering into of significant commercial contractual arrangements) are capitalised and amortised over the shorter of their useful life and the term of any contractual arrangement.

IT, software and web development costs are capitalised as intangible assets to the extent that certain projects can be separately identified and involve the production of new and/or enhanced systems that the Company will use over the medium-term. It must also be considered probable that the asset will generate future economic benefits, and the development cost can be measured reliably. Where these conditions are not met, development expenditure is recognised as an expense in the year in which it is incurred.

Directly attributable costs that are capitalised include employee and external costs specifically incurred in the development of the intangible asset. These costs are amortised on a straight-line basis over their estimated useful economic lives of up to 10 years when each system is brought into use by the Company.

(m) Goodwill

Goodwill arising on the acquisition of a business, representing the difference between the fair value of consideration and the fair value of the separable net assets acquired is capitalised and is subject to impairment review, both annually and when there are indications that the carrying amount may not be recoverable.

(n) Impairment

The carrying amounts of the Group's assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of assets is the greater of their fair value less costs to sell and value in use.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

(o) Investments

In the Company's accounts, investments in subsidiary and associated undertakings are initially stated at cost. Provision is made for any impairment in the value of these investments. In the Group accounts investments in associated undertakings are shown at cost plus accumulated profits less any dividends received from the associated undertakings.

(p) Inventories

Inventories principally include mobile telephones, LED light bulbs and other electronic equipment and are valued at the lower of cost and net realisable value. Cost is measured on a first in, first out basis. Net realisable value represents the estimated selling price less all costs to be incurred in marketing, selling and distribution.

(q) Financial instruments

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are recognised on the trade date when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair value plus, in the case of a financial instrument not at fair value through profit and loss, transactions costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments are derecognised on the trade date when the Group is no longer a party to the contractual provisions of the instrument.

(r) Trade receivables

Trade receivables are stated at their nominal value as reduced by expected lifetime credit losses in accordance with IFRS 9. Trade receivables are not considered to contain a significant financing component and therefore the simplified approach for Expected Credit Losses is applied.

(s) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits with banks and, for the purposes of the Cash Flow Statement, short term revolving credit facilities.

(t) Borrowings

Short and long term borrowings comprise revolving credit facilities and bank loans. The fees associated with entering into borrowing facilities are capitalised and netted off against borrowings and amortised over the term of the borrowings.

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(u) Trade payables

Trade payables are stated at their nominal value, as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material.

(v) Share based payments

The fair value at the date of grant of share-based remuneration, principally share options, is calculated using a binomial pricing model (LTIP 2016: Monte-Carlo model) and is charged to the Statement of Comprehensive Income on a straight-line basis over the vesting period of the award. The charge to the Statement of Comprehensive Income takes account of the estimated number of shares that will vest. All share option-based remuneration is equity settled.

(w) Segmental reporting

During the period, following a review of the financial information regularly reviewed by the chief operating decision makers, the executive directors of the Board, it was decided to present the Group as one operating segment. This reflects the fact that the chief operating decision makers consider the performance of the Group as a whole, particularly given the nature of the Group's bundled service offering.

(x) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

(y) Pensions

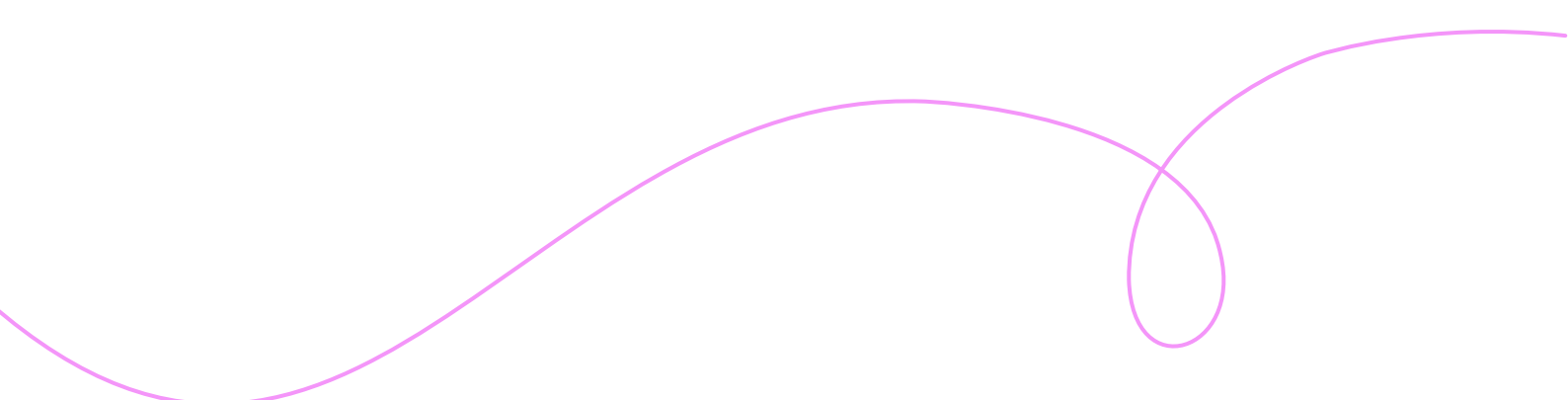
The Group makes contributions to certain employees' personal pension plans. These are charged to the Statement of Comprehensive Income in the year in which they become payable.

(z) Dividends

Final dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

(aa) New standards issued but not yet effective

No new standards, interpretations and amendments not yet effective are expected to have a material effect on the Group's future financial statements.



1. Revenue and Alternative Performance Measures disclosure

Revenue by service

	2022 £'000	2021 £'000
Electricity	450,544	391,813
Gas	295,696	248,008
Landline and broadband	129,703	132,241
Mobile	44,673	40,580
Other	46,817	48,562
	967,433	861,204

The Group operates solely in the United Kingdom. Other income in the Consolidated Statement of Comprehensive Income primarily relates to rental income from the Group's former head office building (see note 11) and the profit on disposal of a property during the current period.

Contract balances

The following table provides the information about contract assets and contract liabilities from contracts with customers.

Group	2022 £'000	2021 £'000
Contract assets, which are included in accrued income	-	-
Contract liabilities, which are included in deferred income	561	1,612

The Group has implemented an expected credit loss impairment model with respect to contract assets. This and any significant changes in contract assets and liabilities are disclosed in note 13. There are no contract balances from contracts with customers in the Company.

Alternative Performance Measures disclosure

In order to provide a clearer presentation of the underlying performance of the group, adjusted profit before tax and adjusted basic EPS exclude share incentive scheme charges and the amortisation of the intangible asset arising from entering into the energy supply arrangements with npower in December 2013; this decision reflects both the relative size and non-cash nature of these charges. The loss for the period attributable to the non-controlling interest is excluded as these losses are not attributable to shareholders of the Company. In FY22 adjusted profit before tax also excludes: (i) the loss on the disposal of UWHS, (ii) the write-off of goodwill associated with the conditional disposal of Glow Green; and (iii) the profit on disposal of a freehold property; this decision reflects the one-off non-operating nature of these items.

Notes to the Consolidated Financial Statements

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Group	2022 £'000	2021 £'000
Statutory profit before tax	47,208	43,514
Adjusted for:		
Loss for period attributable to non-controlling interest	464	18
Amortisation of energy supply contract intangible assets	11,228	11,228
Share incentive scheme charges	960	1,377
Loss on disposal of subsidiary – UWHS	1,139	-
Impairment of goodwill – Glow Green	1,536	-
Profit on sale of freehold property	(603)	-
Adjusted profit before tax	61,932	56,137

2. Operating profit

Operating profit is stated after charging/(crediting):

	2022 £'000	2021 £'000
Depreciation and amortisation	20,344	19,281
Profit on disposal of fixed assets	(940)	(47)
Auditor's remuneration		
- audit of Company and consolidated accounts	231	215
- audit of subsidiaries of the Company	83	77
- audit related assurance services	31	38
Inventories expensed	15,313	17,585
Trade receivables and accrued income impairment loss	11,566	11,213
Rental income	(864)	(1,045)

Total fees paid to the auditor KPMG LLP during the year were £345,000 (2021: £330,000), including non-audit services of £31,000 (2021: £38,000).

3. Financial expenses

An analysis of financial expenses included in the Statement of Comprehensive Income is set out below:

	2022 £'000	2021 £'000
Interest costs on bank loans and overdrafts	2,187	1,644
Interest costs on lease liabilities	238	246
Other financial expenses	284	468
Total financial expenses	2,709	2,358

4. Personnel expenses

The total charge in the Statement of Comprehensive Income comprised the following:

	2022 £'000	2021 £'000
Wages and salaries	75,294	69,860
Social security costs	7,649	6,694
Pension contributions	2,577	2,373
	85,520	78,927
Share incentive scheme charges	960	1,377
	86,480	80,304

Average number employed by the Group during the year (excluding directors):

	2022	2021
Employees	1,987	2,058

5. Taxation

(i) Recognised in the Income Statement

	2022 £'000	2021 £'000
Current tax charge		
Current year	12,354	10,913
Adjustments in respect of prior years	(104)	9
	12,250	10,922
Deferred tax charge		
Decelerated capital allowances	87	202
Other timing differences	(480)	58
Effect of tax rate change on opening balance	376	17
Adjustment in respect of prior years	(28)	(244)
	(45)	33
Total tax charge	12,205	10,955

Notes to the Consolidated Financial Statements

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(ii) Reconciliation of total tax charge

	2022 £'000	2021 £'000
Profit before tax	47,208	43,514
Impairment of goodwill	1,536	-
Loss on disposal of subsidiary	1,139	-
Profit subject to corporation tax	49,883	43,514
Corporation tax using the UK corporation tax rate of 19% (2021: 19%)	9,478	8,268
Expenses not deductible for taxation purposes	2,680	2,944
Assets ineligible for capital allowances	264	-
Adjustment in respect of share options	(394)	(59)
Adjustments in respect of prior years - current tax	(104)	9
- deferred tax	(28)	(244)
Remeasurement of deferred tax for changes in rates	285	-
Deferred tax not recognised	402	-
Other deferred tax adjustments	(378)	37
Total tax charge	12,205	10,955

The UK corporation tax rate is currently 19%. Section 6 of the Finance Act 2021 (FA 2021) increases the main rate of corporation tax by six percentage points, from 19 per cent to 25 per cent, with effect from the financial year beginning

1 April 2023. The Company's future current tax charge will therefore increase accordingly. The deferred tax balance at 31 March 2022 has been calculated at 25%, (2021: 19%) which reflects that the rate increase from 1 April 2023.

6. Property, plant and equipment

Group 2022	Investment property	Freehold land & buildings	Leasehold land & buildings	Freehold & leasehold improvements	Plant & machinery	Fixtures, fittings & office equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At 1 April 2021	13,862	27,383	3,817	1,420	1,205	16,925	7,522	72,134
Additions	61	190	-	31	28	1,716	170	2,196
Disposals	-	(426)	-	(498)	-	-	(991)	(1,915)
Disposals - UWHS	-	-	(2,057)	(679)	(475)	(244)	(5,475)	(8,930)
Transfer to current assets held for sale	-	-	(674)	(8)	(17)	(219)	(247)	(1,165)
At 31 March 2022	13,923	27,147	1,086	266	741	18,178	979	62,320
Depreciation								
At 1 April 2021	(5,287)	(5,259)	(869)	(873)	(566)	(13,087)	(2,753)	(28,694)
Charge for the year	(291)	(862)	(427)	(82)	(187)	(1,665)	(1,044)	(4,558)
Disposals	-	103	-	498	-	3	686	1,290
Disposals - UWHS	-	-	644	183	415	125	2,310	3,677
Transfer to current assets held for sale	-	-	308	8	6	120	48	490
At 31 March 2022	(5,578)	(6,018)	(344)	(266)	(332)	(14,504)	(753)	(27,795)
Net book amounts								
At 31 March 2022	8,345	21,129	742	-	409	3,674	226	34,525

Motor vehicles include right of use assets held under finance leases with a net book value as at 31 March 2022 of £Nil (2021: £4.0m). The balances in leasehold land & buildings comprise right of use assets with a net book value of £0.7m (2021: £2.9m). The Company no longer holds

any property, plant and equipment following the Group reorganisation in April 2017. Disposals – UWHS relate to the fixed assets of UW Home Services Limited which was disposed by the Group on 31 March 2022.

Notes to the Consolidated Financial Statements

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Group 2021	Investment property	Freehold land & buildings	Leasehold land & buildings	Freehold & leasehold improvements	Plant & machinery	Fixtures, fittings & office equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At 1 April 2020	13,425	27,383	3,817	1,361	1,168	15,102	8,582	70,838
Additions	437	-	-	59	37	1,853	196	2,582
Disposals	-	-	-	-	-	(30)	(1,256)	(1,286)
At 31 March 2021	13,862	27,383	3,817	1,420	1,205	16,925	7,522	72,134
Depreciation								
At 1 April 2020	(4,993)	(4,404)	(442)	(794)	(313)	(11,449)	(2,244)	(24,639)
Charge for the year	(294)	(855)	(427)	(79)	(253)	(1,638)	(1,185)	(4,731)
Disposals	-	-	-	-	-	-	676	676
At 31 March 2021	(5,287)	(5,259)	(869)	(873)	(566)	(13,087)	(2,753)	(28,694)
Net book amounts								
At 31 March 2021	8,575	22,124	2,948	547	639	3,838	4,769	43,440
At 31 March 2020	8,432	22,979	3,375	567	855	3,653	6,338	46,199

The operations of the Company were transferred into new head offices at Merit House in 2015 and the former head office building, Southon House, was vacated. Southon House is held as an investment property and separately disclosed on the balance sheet of the Company.

An independent valuation of Southon House was conducted on 4 June 2021 in accordance with RICS Valuation – Professional Standards UK January 2014 (revised April 2015) guidelines. The independent market value of Southon

House was determined to be £11.9 million and has been categorised as a Level 3 fair value based on the inputs to the valuation technique used. The valuation was prepared on a Market Value basis as defined in the Valuation Standards and was primarily derived from using comparable market transactions carried out on an arm's length basis. These inputs are deemed unobservable. The directors believe that there have not been any material changes in circumstances that would lead to a significant reduction in the market valuation of Southon House from £11.9m.

7. Intangible assets

Group 2022	Energy Supply Contract £'000	IT Software & Web Development £'000	Total £'000
Cost			
At 1 April 2021	224,563	28,270	252,833
Additions	-	7,747	7,747
Disposals - UWHS	-	(273)	(273)
At 31 March 2022	224,563	35,744	260,307
Amortisation			
At 1 April 2021	(82,339)	(9,868)	(92,207)
Charge for the period	(11,228)	(4,558)	(15,786)
Disposals - UWHS	-	104	104
At 31 March 2022	(93,567)	(14,322)	(107,889)
Net book amounts			
At 31 March 2022	130,996	21,422	152,418

Group 2021	Energy Supply Contract £'000	IT Software & Web Development £'000	Total £'000
Cost			
At 1 April 2020	224,563	20,813	245,376
Additions	-	7,457	7,457
At 31 March 2021	224,563	28,270	252,833
Amortisation			
At 1 April 2020	(71,111)	(6,546)	(77,657)
Charge for the period	(11,228)	(3,322)	(14,550)
At 31 March 2021	(82,339)	(9,868)	(92,207)
Net book amounts			
At 31 March 2021	142,224	18,402	160,626
At 31 March 2020	153,452	14,267	167,719

The Energy Supply Contract intangible asset relates to the entering into of the energy supply arrangements with npower on improved commercial terms through the acquisition by the Company of Electricity Plus Supply

Limited and Gas Plus Supply Limited ('the Companies') from npower Limited having effect from 1 December 2013 ('the Transaction').

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The total consideration for the Transaction comprised a payment to npower of £196.5 million on 20 December 2013, a deferred amount of £21.5 million paid in December 2016 and a payment of £2.5 million made in January 2014 for the net assets acquired in the Companies which comprised cash and short term working capital balances.

The addition to intangible assets of £221.6 million in 2014 therefore represented the total consideration paid and payable to npower, excluding the payment for net assets acquired in the Companies, plus certain transaction costs of £3.6 million which in accordance with the relevant accounting standards were recognised as a cost of acquisition.

The intangible asset is being amortised evenly over the 20-year life of the new energy supply agreement reflecting the period over which the Company will benefit from the agreement.

The IT Software and Web Development intangible asset relates to the capitalisation of certain costs associated with the development of new IT and web systems. Approximately £2.0 million (2021: £7.1m) of the additions during the year relate to IT systems which remain under construction.

Following the Group re-organisation there are no intangible assets held by the Company.

8. Goodwill

Group 2022	£'000
Cost	
At 1 April 2021	6,140
Disposals - UWHS	(46)
At 31 March 2022	6,094
Impairment	
At 1 April 2021	(816)
Impairment	(1,536)
At 31 March 2022	(2,352)
Carrying amounts	
At 31 March 2022	3,742

Group 2021	£'000
Cost	
At 1 April 2020 and 31 March 2021	6,140
Impairment	
At 1 April 2020 and 31 March 2021	(816)
Carrying amounts	
At 31 March 2021	5,324
At 31 March 2020	5,324

Goodwill now relates to the Company's subsidiary Telecommunications Management Limited ('TML') cash generating unit.

In the light of the transaction detailed in note 24, the goodwill associated with Glow Green Limited and Cofield Limited ('Glow Green') of £1.5m has been fully impaired during the period. The Group's interest in Glow Green was sold, subject to the necessary FCA change of control approval, for cash consideration of £1.

The disposal amount relates to goodwill previously held in UW Home Services Limited which was disposed of by the Group prior to the year end.

The Group regularly monitors the carrying amount of its goodwill. A review was undertaken at 31 March 2022, to assess whether the carrying amount of assets was supported by their value in use determined by the net present value of the future cash flows derived from the assets using cash flow projections based on current levels of profitability.

In relation to TML, a pre-tax discount rate of 12.1% into perpetuity was used based on a premium to the Group WACC of 8.4%. This was considered appropriate given the relatively small size and maturity of the business, offset by the growth opportunity in mobile telephony, and the expectation that, for the foreseeable future, TML will continue to operate as a going concern. A growth rate of 2.0% (2021: 2.0%) into perpetuity was also used. The result of the review undertaken at 31 March 2022 indicated that no impairment was necessary. No reasonably possible change in the assumptions used in the impairment calculation would give rise to an impairment of goodwill.

9. Investments

Investment in subsidiary companies

On 1 April 2017 the trading activities, the majority of the assets and liabilities, and the employees of Telecom Plus PLC, as well as all its subsidiaries, were transferred to Utility Warehouse Limited a 100% subsidiary of Telecom Plus PLC under a group reorganisation. The reorganisation was designed to provide the Group with a more conventional legal structure in line with other large publicly-listed entities. The reorganisation has not had any impact on the consolidated trading results of the Group.

The cost of investment in subsidiary undertakings on the Company balance sheet of £262.0 million as at 31 March 2022 represents the transfer of the majority of the assets, liabilities and subsidiaries of Telecom Plus PLC to Utility Warehouse Limited in exchange for shares in Utility Warehouse Limited under the group reorganisation on 1 April 2017.

Following the group reorganisation the Company retained its investment in the JSOP Share Trust. Included within Company Trade and other receivables is a loan receivable from the JSOP Share Trust of £2,275,000 (2021: £2,275,000), which represents the maximum exposure to loss from its interest in the JSOP Share Trust.

Utility Warehouse Limited owns 100% of the ordinary share capital of Telecommunications Management Limited ('TML'), being two £1 shares. The principal activity of TML is the supply of fixed wire and mobile telecommunication services to business and public sector customers.

Utility Warehouse Limited also owns 100% of the ordinary share capital of Utilities Plus Limited ('Utilities Plus'), being two £1 shares. Utilities Plus is an FCA Consumer Credit Act licensed entity which provides loans and hire purchase agreements to employees and Partners.

Utility Warehouse Limited also owns 100% of the ordinary share capital of Electricity Plus Supply Limited ('Electricity Plus') and Gas Plus Supply Limited ('Gas Plus'), being one £1 share in each company. The principal activity of

Electricity Plus and Gas Plus is to hold the licences for the supply of energy services to residential and business customers in the UK.

Utility Warehouse Limited owns 75% of the share capital of Glow Green Limited, being 2,502 £0.001 shares, and 75% of the share capital of Cofield Limited, being 6,000 £0.001 shares. Glow Green Limited is a small supplier/installer of domestic gas boilers and warranty/care plans. Cofield Limited is a small online retailer of central heating equipment to the plumbing industry.

As at 31 March 2022, Utility Warehouse Limited also owned 100% of the ordinary share capital of eight dormant non-trading subsidiaries as listed below:

Freetail Limited	Utility House Limited
Mobile Xtra Limited	Value Group Limited
Savings Plus Limited	Value Plus Limited
The Peoples Champion Limited	Utility Debt Collectors Limited

As at 31 March 2022, TML owned 100% of the ordinary share capital of the following eight dormant non-trading subsidiaries:

1p Mobile Limited	Penny Telecom Limited
One Penny Mobile Limited	1p Broadband Limited
One Penny Telecoms Limited	One Penny Broadband Limited
Penny Mobile Limited	Penny Broadband Limited

The registered office of each company referred to in this note (other than Glow Green Limited and Cofield Limited) is: Network HQ, 508 Edgware Road, London, NW9 5AB. The registered office of Glow Green Limited is: 26-32 Oxford Road, Avalon, Bournemouth, England, BH8 8EZ, and the registered office of Cofield Limited is: Unit 5 20 Airfield Way, Christchurch, England, BH23 3PE. All companies referred to above are registered in England and Wales.

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10. Deferred tax

The deferred tax liability recognised in the financial statements is as follows:

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Tax effect of temporary differences:				
Accelerated capital allowances	(2,222)	(1,625)	-	-
Other short term temporary differences	35	104	-	-
Transitional tax adjustments relating to IFRS 9	65	-	-	-
Employee benefits expected in excess of amount vested	1,051	404	-	-
Transfers from acquisitions	(37)	(28)	-	-
Transfers to liabilities classified as held for sale	30	-	-	-
	(1,078)	(1,145)	-	-

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
At 1 April	(1,145)	(1,104)	-	-
Transfers to liabilities classified as held for sale	30	-	-	-
Charged to the Statement of Comprehensive Income	45	(33)	-	-
Taken to equity	(11)	(8)	-	-
Other differences	3	-	-	-
At 31 March	(1,078)	(1,145)	-	-

11. Leases as lessor

Finance leases

In the provision of broadband services, the Group provides customers with a broadband router at the start of their contract. The terms and conditions under which broadband routers are supplied to customers mean that routers are accounted for as finance leases.

Interest income of £1.5m (2021: £0.9m) has been recognised in profit or loss in respect of finance leases.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

	2022 £'000	2021 £'000
Less than one year	3,962	3,066
Between one and two years	3,962	3,066
Between two and three years	3,962	3,066
Between three and four years	3,962	3,066
Between four and five years	3,149	2,922
More than five years	2,547	2,616
Total undiscounted lease receivable	21,544	17,802
Unearned finance lease income	(6,201)	(6,381)
Net investment in finance leases	15,343	11,421

Hire purchase agreements

The following table sets out a maturity analysis of hire purchase agreements receivables, showing the

undiscounted payments to be received after the reporting date:

	2022 £'000	2021 £'000
Less than one year	1,356	1,132
Between one and two years	982	1,274
Between two and three years	766	906
Between three and four years	548	714
Between four and five years	522	391
More than five years	171	249
Total undiscounted hire purchase agreement receivable	4,345	4,666

Operating leases

The operations of the Company were transferred into newly refurbished head offices at Merit House in 2015 and the former head office building, Southon House, was vacated. Southon House is therefore now held as an investment property and rented to third-party tenants. During the year £0.9m (2021: £1.0m) was recognised as rental income by the Group.

The following table sets out a maturity analysis of the lease payments due to be received from the tenants of Southon House, showing the undiscounted lease payments to be received after the reporting date.

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	2022 £'000	2021 £'000
Less than one year	878	852
Between one and two years	878	852
Between two and three years	878	852
Between three and four years	878	852
Between four and five years	878	852
More than five years	3,283	3,257
	7,673	7,517

12. Other non-current assets

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Hire purchase agreements receivable	2,989	3,534	-	-
Finance lease assets	14,875	11,286	-	-
Loan to JSOP Share Trust	-	-	2,275	2,275
Trade receivables	11,303	9,609	-	-
Other non-current receivables	3,688	4,166	681	681
Total other non-current assets	32,855	28,595	2,956	2,956

The loan receivable from the JSOP Share Trust does not bear interest and is repayable on demand. There is no current expectation that the loan will be recalled by the Company within the next 12 months. Finance lease

assets represent assets where the Company is the lessor. Non-current assets include Expected Credit Losses of £5.7m against trade receivables. The Expected Credit Losses on all other non-current assets are not material.

13. Receivables and accrued income

	Group		Company	
	2022 £'000	2021* £'000	2022 £'000	2021 £'000
Trade receivables	31,103	26,826	-	-
Other receivables	18,004	23,708	50	30
Hire purchase agreements receivable	1,356	1,132	-	-
Trade and other receivables	50,463	51,666	50	30
Accrued income	134,917	120,395	-	-
Trade and other receivables	50,463	51,666	50	30
Accrued income	134,917	120,395	-	-
Receivables and accrued income (net)	185,380	172,061	50	30

*The presentation of this note has been changed to remove the Costs to obtain contracts from Other receivables (refer to the Presentation of financial statements section of the Notes to the consolidated financial statements).

Accrued income represents unbilled receivables. Gross accrued income of £136,439,000 (2021: £121,707,000) includes March revenue invoiced in April of £82,724,000 (2021: £62,923,000) and unbilled energy debtors of £53,715,000 (2021: £58,784,000). Offset against this figure is an allowance for bad debts of £1,522,000 (2021: £1,312,000).

The hire purchase agreements receivable shown separately in the above table relates to the provision of branded vehicles to Partners. The majority of the vehicles are supplied on interest-free hire purchase agreements and therefore there are no reconciling items to disclose between the present value of the minimum lease payments and gross investment in the leases.

Allowance for credit losses on trade receivables and accrued income from customer invoicing

In accordance with note (r) of the Significant Accounting Policies, trade receivables are stated at their nominal value

as reduced by the expected lifetime credit losses. The Expected Credit Loss model is applied to trade receivables from customer invoicing with credit losses measured using a provisioning metric, adjusted where required, to take into account current macro-economic factors. The Group do not consider any current or non-current assets to contain a significant financing component and therefore have applied the simplified approach for Expected Credit Losses.

The Group assesses the expected recoverability of trade receivables based on a categorisation matrix and applies a provision against such trade receivables based on the historical collection experience of those categories (principally whether the indebted customer remains with the Group or not, and the age of the debt). The Group also assesses the latest information it has available on customer collections post the balance sheet date in order to evaluate whether there has been any impact on its customers from changes in the prevailing macroeconomic situation.

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Allowances as at 1 April	23,152	20,964	-	-
Additions – charged to consolidated income statement	11,566	11,213	-	-
Allowances used on fully written down receivables	(9,692)	(9,025)	-	-
Allowances as at 31 March	25,026	23,152	-	-

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Analysis of trade receivables and accrued income from customer invoicing

The tables below show an aged debt analysis between debts owed by customers who are still supplied by the

Group ("Live") and customers who are no longer supplied by the group ("Closed").

	Live		Closed		Total		
As at 31 March 2022	Gross £'000	Allowance £'000	Gross £'000	Allowance £'000	Gross £'000	Allowance £'000	Net £'000
Accrued income - not past due	136,439	(1,522)	-	-	136,439	(1,522)	134,917
Trade receivables - past due							
0-30 days	4,523	(879)	441	(300)	4,964	(1,179)	3,785
31-90 days	7,516	(1,654)	1,049	(912)	8,565	(2,566)	6,000
>91 days	30,049	(9,194)	5,362	(4,900)	35,412	(14,094)	21,318
Total past due	42,088	(11,727)	6,852	(6,112)	48,941	(17,839)	31,103
Trade receivables							
Total due in over 1 year	16,969	(5,665)	-	-	16,969	(5,665)	11,303
Total trade receivables	59,057	(17,392)	6,852	(6,112)	65,910	(23,504)	42,406
Total	195,496	(18,914)	6,852	(6,112)	202,349	(25,026)	177,323

	Live		Closed		Total		
As at 31 March 2021	Gross £'000	Allowance £'000	Gross £'000	Allowance £'000	Gross £'000	Allowance £'000	Net £'000
Accrued income - not past due	121,707	(1,312)	-	-	121,707	(1,312)	120,395
Trade receivables - past due							
0-30 days	4,321	(696)	584	(384)	4,905	(1,080)	3,825
31-90 days	5,803	(1,218)	1,224	(1,042)	7,027	(2,260)	4,767
>91 days	26,392	(8,594)	5,022	(4,586)	31,414	(13,180)	18,234
Total past due	36,516	(10,508)	6,830	(6,012)	43,346	(16,520)	26,826
Trade receivables							
Total due in over 1 year	14,928	(5,319)	-	-	14,928	(5,319)	9,609
Total trade receivables	51,444	(15,827)	6,830	(6,012)	58,274	(21,839)	36,435
Total	173,151	(17,139)	6,830	(6,012)	179,982	(23,152)	156,830

As at 31 March 2022 and 31 March 2021 the Group had made provision for past due debts and therefore has no material exposure to trade receivables that were passed due and not individually impaired.

14. Costs to obtain contracts

The Group has the following assets at the reporting date in relation to contract costs:

	2022 £'000	2021 £'000
Commissions paid to acquire contracts	4,350	5,662
Commissions paid in advance	10,801	10,040
	15,151	15,702

Commissions paid to acquire contracts represent up-front commissions paid to Partners for introducing customers to the Group and are amortised when the related revenues are recognised over the average lifetime of the Group's customers. In the current period the amount of amortisation was £1.4m (2021: £1.5m). Partners also earn commission on the ongoing monthly use of the Group's services by customers they have introduced ("trailing commissions"). Trailing commissions are recognised in the Statement of Comprehensive Income as they are earned by Partners on an accruals basis. In the current

period the amount of trailing commissions was £16.2m (2021: £16.7m). Commissions paid in advance represent the bringing forward of certain future trailing commission payments expected to be due on customers Partners have introduced. These advance commission payments are amortised on a straight-line basis through the Statement of Comprehensive Income over the period during which they are earned and would otherwise have been paid had the payment not been brought forward. In the current period the amount of amortisation was £4.1m (2021: £3.6m). See accounting policies note (e).

15. Interest bearing loans and borrowings

Bank loans – changes in liabilities from financing activities

Group	2022 £'000	2021 £'000
As at 1 April	89,376	94,020
Changes from financing cashflows		
Drawdown of bank loans	65,000	30,000
Repayment of bank loans	(55,000)	(35,000)
Total changes from financing cashflows	10,000	(5,000)
Other changes - arrangement fees		
Additions	(597)	-
Amortisation	436	356
Total other changes	(161)	356
Total long term borrowings as at 31 March	99,215	89,376
Due within one year	-	-
Due after one year	100,000	90,000
	100,000	90,000

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The bank loans, when drawn down, are stated net of unamortised arrangement fees of £785,000 (2021: £624,000) on the face of the Balance sheet. These costs have been capitalised and are being amortised over the term of the bank loans.

In November 2021 the Group agreed to extend its revolving debt facilities to £175,000,000 with Barclays Bank PLC, Lloyds Bank PLC and Bank of Ireland Group PLC ('the Revolving Debt Facilities') for the period to 30 June 2024. The Revolving Debt Facilities are subject to two financial covenants: (i) Net debt/EBITDA of not more than 3.0:1; and (ii) EBITDA/net finance charges of not less than 3.0:1. The covenants are tested twice per year and the Group has significant headroom to the covenant limits under

both these measures. The Group draws down on the Revolving Debt Facilities in tranches as funds are required. The interest period on the drawn tranches is typically one month and the tranches automatically rollover at the end of each interest period unless the Group, at its discretion, decides to repay the tranche.

In addition, as at 31 March 2022 the Group had letters of credit in place relating to certain energy distribution charges with a total value covered of £2,800,000 (2021: £18,030,500).

All bank loans are secured through a floating charge on the assets of the Group.

Maturity analysis

Group	2022 £'000	2021 £'000
Due in one year or less	-	-
Due in more than one year but not more than two years	-	92,178
Due in more than two years but not more than five years	107,046	-
	107,046	92,178

The analysis of maturity above includes interest to be paid during the term of the loans in accordance with IFRS 7 Financial Instruments: Disclosures.

Lease liabilities - changes in liabilities from financing activities

Group	2022 £'000	2021 £'000
As at 1 April	7,096	8,969

Changes from financing cashflows		
Payment of lease liabilities	(1,768)	(1,567)
Interest relating to lease liabilities	238	246
Total changes from financing cashflows	(1,530)	(1,321)

Other changes		
Disposals	(280)	(552)
Disposals - UWHS	(4,133)	-
Transfers to liabilities classified as held for sale	(387)	-
Total other changes	(4,800)	(552)
As at 31 March	766	7,096

Maturity analysis

Group	2022 £'000	2021 £'000
Due in one year or less	121	1,760
Due in more than one year but not more than two years	506	4,894
Due in more than two years but not more than five years	201	677
	828	7,331

The analysis of maturity above shows the contractual undiscounted cashflows associated with lease liabilities. There are no lease liabilities in the Company.

16. Trade and other payables

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Current				
Trade payables	28,644	22,944	68	23
Inter-company payables	-	-	55,257	61,204
Other taxation and social security	9,457	7,430	-	-
	38,101	30,374	55,325	61,227

The contractual maturities for trade payables fall within one year.

17. Accrued expenses and deferred income

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Accrued expenses	112,932	120,683	68	64
Deferred income	561	1,612	-	-
	113,493	122,295	68	64

The contractual maturities of accrued expenses fall within one year.

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18. Capital and reserves

Issued share capital	2022		2021	
	Number ('000)	£'000	Number ('000)	£'000
Authorised ordinary shares of 5p each in the Company	160,000	8,000	160,000	8,000
Allotted, called up and fully paid ordinary share capital:				
At 1 April	79,236	3,962	79,070	3,954
Issue of new ordinary shares	272	14	166	8
At 31 March	79,508	3,976	79,236	3,962
Authorised 'B' shares of 2p each in subsidiary	650	13	650	13
Allotted and fully paid 'B' share capital:				
At 1 April	405	8	405	8
Issue of new 'B' shares	-	-	-	-
Cancellation of 'B' shares	(75)	(2)	-	-
At 31 March	330	6	405	8
Total Group share capital at 31 March		3,982		3,970

At the year end the Company's share price was 1,520p and the range during the financial year was 1,010p to 1,612p.

At 31 March 2022, the Company had 79,508,132 (2021: 79,236,568) shares in issue. The total number of voting rights of 5p ordinary shares in the Company was 79,025,856 (2021: 78,754,292), excluding shares held in treasury. Since the year end, a further 47,890 shares have been issued to satisfy the exercise of employee and distributor share options, increasing the total number of voting rights of 5p ordinary shares in the Company to 79,073,746.

As at 31 March 2022 there were 482,276 ordinary shares held in treasury (2021: 482,276).

There are 252,638 ordinary shares held in the JSOP Share Trust, representing approximately 0.3% of issued share capital, on which voting and dividend rights have been waived. These shares are included in the above total voting rights figure of 79,025,856. The JSOP reserve in the Group accounts represents ordinary shares in the Company held by the JSOP Share Trust.

As at 31 March 2022, the total 'B' share capital in Utility Warehouse Limited was £6,500 (2021: £8,090) and therefore the total Group share capital is £3,982,000 (2021: £3,970,000).

Capital management

The Group's overall objective when managing capital is to continue to provide attractive returns to shareholders.

Total shareholder equity at 31 March 2022 was £205.6 million (2021: £212.4 million).

The Group's current capital management strategy is to retain sufficient working capital for day-to-day operating requirements. The Group's capital management strategy is also to ensure that interest costs are minimised.

Under the Group's energy supply arrangements, E.ON (formerly npower) is responsible for funding the principal working capital requirements relating to the supply of energy to the Company's customers. This includes funding the Budget Plans of customers who pay for their energy in equal monthly instalments.

Dividends

	2022 £'000	2021 £'000
Prior year final paid 30p (2021: 30p) per share	23,559	23,524
Interim paid 27p (2021: 27p) per share	21,228	21,184

The Directors have proposed a final dividend of 30p per ordinary share totalling approximately £23.6 million, payable on 5 August 2022, to shareholders on the register at the close of business on 15 July 2022. In accordance

with the Group's accounting policies the dividend has not been included as a liability as at 31 March 2022. This dividend will be subject to income tax at each recipient's individual marginal income tax rate.

19. Earnings per share

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

	2022 £'000	2021 £'000
Earnings for the purpose of basic and diluted EPS	35,467	32,577
Share incentive scheme charges (net of tax)	793	1,194
Amortisation of energy supply contract intangible assets	11,228	11,228
Loss on disposal of subsidiary - UWHS	1,139	-
Impairment of goodwill - Glow Green	1,536	-
Profit on disposal of freehold office building (net of tax)	(488)	-
Earnings excluding share incentive scheme charges and amortisation of intangibles for the purpose of adjusted basic and diluted EPS	49,675	44,999

	Number (^{'000s})	Number (^{'000s})
Weighted average number of ordinary shares for the purpose of basic EPS	78,601	78,433
Effect of dilutive potential ordinary shares (share incentive awards)	286	273
Weighted average number of ordinary shares for the purpose of diluted EPS	78,887	78,706
Adjusted basic EPS ¹	63.2p	57.4p
Basic EPS	45.1p	41.5p
Adjusted diluted EPS ¹	63.0p	57.2p
Diluted EPS	45.0p	41.4p

1. Adjusted basic and diluted EPS exclude share incentive scheme charges and the amortisation of the intangible asset recognised as a result of the new energy supply arrangements entered into with npower in December 2013.

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It has been deemed appropriate to present the analysis of adjusted EPS excluding share incentive scheme charges due to the relative size and historical volatility of the charges. In view of the size and nature of the charge as a non-cash item the amortisation of intangible assets arising from the energy supply agreement with npower has also been adjusted. It has also been deemed appropriate to exclude the impact of the disposal of UW Home Services Limited ("UWHS"), the impairment of the goodwill associated with Glow Green Limited and Cofield Limited ("Glow Green") and the profit on the disposal of a freehold office building due to the one-off non-operational nature of these items.

The amortisation of the energy supply contract intangible assets, the loss on the disposal of UWHS and the impairment of goodwill relating to Glow Green have not been adjusted for taxation as these items do not impact the amount of corporation tax paid by the Group.

20. Commitments

Capital commitments

At 31 March 2022 the Company had no significant capital commitments (2021: £Nil).

Energy supply arrangements

The Group entered into a 20-year energy supply agreement with npower ('the SSA') on 20 December 2013. Following the merger between npower and E.ON's UK operations the supply contract was novated to E.ON in 2021. The terms of the supply agreement were not changed as a result of this novation.

In the event that the SSA is terminated by E.ON in certain circumstances, including on a material breach by the Group or on the insolvency of the Company, additional consideration of up to £154 million may become payable by the Company to E.ON. Full details of the termination provisions of the SSA were set out in paragraph 4 of Part VIII on page 38 of the prospectus issued to shareholders on 20 November 2013.

However, given the energy supply agreement termination rights are either, in the directors' view, very unlikely to occur or entirely within the control of the Group, the directors believe the likelihood of this type of termination event is remote.

The amount of the additional consideration reduces from £154 million to £11 million over the remaining life of the supply agreement. Furthermore, depending on the circumstances giving rise to a termination event, the additional consideration (if payable) may be spread over the unexpired term of the supply agreement. Following any such termination event, the Group would have direct access to the wholesale energy markets and the opportunity to earn additional margin from sourcing energy directly for the Group's customer base.

21. Share-based payments

Share options

The Company has two share option plans, one of which is available to employees, the other to distributors of the Company. The Company also has a Save As You Earn share option plan ('the 2015 Employee SAYE Share Option Plan') for employees. As set out in the previous year's Directors' Remuneration Report a new Deferred Share Bonus Plan was put in place for the executive directors. The first awards under this scheme were made in July 2021.

All new employees who have passed the requisite probationary period are issued with market price options over shares in the Company, further options are also granted to existing employees depending on their seniority and length of service ('The Telecom Plus PLC 2017 Employee Share Option Plan'). The 2015 Employee SAYE Share Option Plan enables employees of the group to acquire shares in the Company in a tax efficient manner using monies saved from salary over a three or five-year period.

The distributor scheme ('The Telecom Plus PLC 2017 Networkers and Consultants Share Option Plan') exists to provide incentives to the people who are most successful in gathering new customers for the Company. As it is not possible to measure directly the benefit received from these activities, the fair value of the benefit received has been measured by reference to the fair value of the equity instruments granted.

A reconciliation of movements in the numbers of share options for the Group can be summarised as follows:

	2022		2021	
	Number	Weighted average exercise price	Number	Weighted average exercise price
At 1 April	2,662,415	1,240p	2,267,881	1,125p
Options granted	1,157,927	1,277p	890,299	1,420p
Options exercised	(450,988)	1,039p	(203,211)	846p
Options lapsed/expired	(729,853)	1,348p	(292,554)	1,170p
At 31 March	2,639,501	1,261p	2,662,415	1,240p

The weighted average share price at the date of exercise for the options exercised during the year was 1,474.8p (2021: 1,425.5p).

During the current year ended 31 March 2022 and prior year ended 31 March 2021, the Group issued share options to employees on the occasions set out below. No share options were issued to distributors during these periods.

Grant date	Share price at grant date (pence)	Exercise price (pence)	Expected volatility (%)	Option life (years)	Risk free rate (%)	Dividend yield (%)	Fair value per option (pence)
2017 Employee Share Option Plan							
23/07/2020	1,394	1,382	43.69	10	(0.08)	4.12	372
16/12/2020	1,480	1,474	41.77	10	0.05	3.87	396
22/07/2021	1,030	1,045	30.12	10	0.18	5.45	128
16/12/2021	1,520	1,526	33.64	10	1.73	3.75	361
Deferred Shares Bonus Plan							
22/07/2021	1,030	5	n/a	10	n/a	n/a	n/a
2015 Employee SAYE Share Option Plan							
19/08/2020	1,400	1,382	43.77	3.5	(0.08)	4.12	326
18/08/2021	1,036	1,040	29.72	2.5	0.18	5.50	123

The Group has used a binomial model to value its share options, with account being taken of vesting conditions where these were considered material. The expected volatility for the share option arrangements is based on historical volatility determined by the analysis of daily share price movements over the previous 12 months. There was no significant incremental cost of issuing the

nil cost options on 22 July 2021 under the Deferred Shares Bonus Plan given the reduction in existing share incentives held by the directors as a result of the implementation of the new plan (further detail on these reductions was set out in the Directors' Remuneration Report in the 2021 annual report).

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The options outstanding at the end of the year relating to employees are as follows:

	Number 1 April 2021	Number 31 March 2022	Exercise price per share	Exercisable from	Expiry date
2007 Employee Share Option Plan					
14 Jun 2011	18,710	-	603p	14 Jun 2014	11 Jun 2021
15 Dec 2011	5,750	-	774p	15 Dec 2014	14 Dec 2021
26 Jun 2012	33,000	22,800	828p	26 Jun 2015	25 Jun 2022
10 Dec 2012	15,600	9,200	878p	10 Dec 2015	9 Dec 2022
17 Jun 2013	5,947	5,147	1,219p	17 Jun 2016	16 Jun 2023
16 Dec 2013	6,500	6,000	1,739p	16 Dec 2016	15 Dec 2023
1 Jul 2014	4,450	4,450	1,337p	1 Jul 2017	30 Jun 2024
16 Dec 2014	2,350	2,350	1,254p	16 Dec 2017	15 Dec 2024
13 Jul 2015	291,090	221,705	985p	13 Jul 2018	12 Jul 2025
10 Dec 2015	14,800	5,850	1,074p	10 Dec 2018	9 Dec 2025
22 Jul 2016	209,150	68,764	1,047p	22 Jul 2019	21 Jul 2026
8 Dec 2016	90,570	47,738	1,209p	8 Dec 2019	7 Dec 2026
20 Jul 2017	100,190	65,755	1,117p	20 Jul 2020	19 Jul 2027
2017 Employee Share Option Plan					
12 Dec 2017	76,252	43,449	1,181p	12 Dec 2020	11 Dec 2027
26 Jul 2018	164,750	86,119	1,057p	26 Jul 2021	25 Jul 2028
13 Dec 2018	93,000	68,000	1,370p	13 Dec 2021	12 Dec 2028
25 Jul 2019	354,200	202,450	1,342p	25 Jul 2022	24 Jul 2029
16 Dec 2019	237,000	160,500	1,383p	16 Dec 2022	15 Dec 2029
23 Jul 2020	390,373	287,950	1,382p	23 Jul 2023	22 Jul 2030
16 Dec 2020	347,960	230,710	1,474p	16 Dec 2023	15 Dec 2030
22 Jul 2021	-	311,500	1,045p	22 Jul 2024	21 Jul 2031
16 Dec 2021	-	555,000	1,520p	16 Dec 2024	15 Dec 2031
Deferred Shares Bonus Plan					
22 Jul 2021	-	42,437	5p	22 Jul 2023	22 Jul 2031
2015 Employee SAYE Share Option Plan					
14 Aug 2017	3,106	-	1,128p	1 Nov 2020	30 Apr 2021
23 Aug 2018	26,533	2,072	1,042p	1 Nov 2021	30 Apr 2022
21 Aug 2019	28,187	17,325	1,349p	1 Nov 2022	30 Apr 2023
19 Aug 2020	49,197	31,415	1,382p	1 Nov 2023	30 Apr 2024
18 Aug 2021	-	59,815	1,036p	1 Nov 2024	30 Apr 2025
Total employees	2,568,665	2,558,501			
Weighted average exercise price	1,250.3p	1,269.4p			

The options outstanding at the end of the year relating to distributors are as follows:

	Number 1 April 2021	Number 31 March 2022	Exercise price per share	Exercisable from	Expiry date
2007 Networkers and Consultants Share Option Plan					
14 Jun 2011	2,000	-	603p	14 Jun 2014	11 Jun 2021
15 Dec 2011	4,000	-	774p	15 Dec 2014	14 Dec 2021
1 Jun 2012	20,000	16,000	721p	1 Jun 2015	31 May 2022
26 Jun 2012	5,000	5,000	828p	26 Jun 2015	25 Jun 2022
20 Nov 2012	16,000	14,000	854.5p	20 Nov 2015	19 Nov 2022
10 Dec 2012	1,000	1,000	878p	10 Dec 2015	9 Dec 2022
17 Jun 2013	4,000	4,000	1,219p	17 Jun 2016	16 Jun 2023
16 Dec 2013	2,000	2,000	1,739p	16 Dec 2016	15 Dec 2023
1 Jul 2014	7,900	7,900	1,337p	1 Jul 2017	30 Jun 2024
16 Dec 2014	4,500	4,500	1,254p	16 Dec 2017	15 Dec 2024
13 Jul 2015	22,100	22,100	985p	13 Jul 2018	12 Jul 2025
10 Dec 2015	1,500	1,500	1,074p	10 Dec 2018	9 Dec 2025
22 Jul 2016	3,750	3,000	1,047p	22 Jul 2019	21 Jul 2026
20 Jul 2017	-	-	1,117p	20 Jul 2020	19 Jul 2027
Total distributors	93,750	81,000			
Weighted average exercise price	952.3p	982.7p			

At 31 March 2022, a total of 738,327 share options were exercisable (2021: 971,215) at a weighted average exercise price of 1,055.5p (2021: 1,040.0p). The average remaining contractual life of the outstanding options was 7.3 years (2021: 7.0 years).

LTIP 2016 – growth shares

The LTIP 2016 comprises the issue to participants of a class of ‘growth’ shares in Utility Warehouse Limited (“B shares”), which potentially become convertible into ordinary shares in the Company over a period of typically 3–10 years following the achievement of stretching targets. If these targets are not achieved, then the growth shares lapse with no value to participants.

The first awards of growth shares (“B1 shares”) were made to initial participants in the scheme on 4 April 2017; these included the Chief Executive Officer and Chief Financial Officer of the Company. In total 325,000 growth shares were issued to the directors and certain senior employees on 4 April 2017, of which 115,000 have lapsed due to leavers. As set out in the Directors’ Remuneration Report for the

year ended 31 March 2021, a further 37,500 held by directors have lapsed due to the introduction of the new Deferred Share Bonus Plan.

On 30 July 2018 and 20 November 2018, further awards of growth shares were made to certain senior employees (“B2 shares”). In total 61,500 and 18,000 growth shares were issued respectively on these dates, of those issued on 30 July 2018 38,500 have lapsed due to leavers and of those issued on 20 November 2018 8,000 have lapsed.

No further awards will be made under the LTIP 2016.

The fair value of the growth shares issued for the purposes of IFRS 2 has been based on a Monte-Carlo model and the key assumptions are set out below:

B1 shares – April 2017	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Fair value (per share granted)	£16.51	£17.71	£18.07	£17.08
Number of awards granted	81,250	81,250	81,250	81,250

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Key assumptions	
Share price at grant	£12.10
Exercise price	Nil
Dividend yield	4.5%
Expected term	2.3 to 9.3 years
Risk free rate	0.11% to 0.99%
Share price volatility of the Company	33.2%
Discount for post vesting transfer restrictions for Tranches 1, 2 and 3 awards	6.3%
Discount for post vesting transfer restrictions for Tranche 4 awards	11.2%

B2 shares – July 2018	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Fair value (per share granted)	£10.14	£10.70	£10.79	£9.68
Number of awards granted	15,375	15,375	15,375	15,375

Key assumptions	
Share price at grant	£10.36
Exercise price	Nil
Dividend yield	4.9%
Expected term	3 to 10 years
Risk free rate	0.86% to 1.48%
Share price volatility of the Company	30.9%
Discount for post vesting transfer restrictions for Tranches 1, 2 and 3 awards	5.9%
Discount for post vesting transfer restrictions for Tranche 4 awards	10.3%

B2 shares – November 2018	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Fair value (per share granted)	£18.23	£19.39	£19.17	£17.39
Number of awards granted	4,500	4,500	4,500	4,500

Key assumptions	
Share price at grant	£13.24
Exercise price	Nil
Dividend yield	4.5%
Expected term	2.7 to 9.7 years
Risk free rate	0.78% to 1.35%
Share price volatility of the Company	29.9%
Discount for post vesting transfer restrictions for Tranches 1, 2 and 3 awards	5.7%
Discount for post vesting transfer restrictions for Tranche 4 awards	10.1%

22. Financial instruments

Treasury activities take place under procedures and policies approved and monitored by the Board. They are designed to minimise the financial risks faced by the Group which primarily arise from credit, interest rate and liquidity risks.

Carrying amounts of financial instruments

All financial assets, which include cash, trade and other receivables and accrued income, are classified as loans and receivables with a total value for the Group of £258,682,000 (2021: £234,204,000) and for the Company of £3,684,000 (2021: £3,283,000).

All financial liabilities, which include trade and other payables and accrued expenditure, are held at amortised cost with a total value for the Group of £250,580,000 (2021: £234,245,000) and for the Company £55,420,000 (2021: £61,299,000).

Credit risk

All customers are invoiced monthly and approximately 90% pay by direct debit; accordingly credit risk in respect of trade receivables is considered relatively low due to the large number of customers supplied, each of whom represents an insignificant proportion of total revenue.

The Company has a universal supply obligation in relation to the provision of energy to domestic customers. This means that although the Company is entitled to request a reasonable deposit from a potential new customer who is not considered creditworthy, the Company is obliged to supply domestic energy to anyone who submits a properly completed application form. Where such customers subsequently fail to pay for the energy they have used, there is likely to be a delay before the Company is able to eliminate its exposure to future bad debt from them by either installing a pre-payment meter or disconnecting their supply, and the costs associated with preventing such customers from increasing their indebtedness are not always fully recoverable.

Trade receivables are stated at their nominal value as reduced by the expected lifetime credit losses. The Expected Credit Loss model is applied to trade receivables from customer invoicing with credit losses measured using a provisioning metric, adjusted where required, to take into account current macro-economic factors. The Group applies judgement to assess the expected credit loss, taking into account historical collection patterns.

The maximum credit risk for the Group is £258,682,000 (2021: £234,204,000) and for the Company £3,684,000 (2021: £3,283,000).

Interest rate risk

The Group finances its day-to-day operations primarily through cash generated within the business. Cash surpluses are placed on deposit with Barclays Bank PLC and Lloyds Bank PLC at money market rates to maximise returns. As set out in note 15, the interest charged on the Group's borrowing facilities varies according to the prevailing 3-month SONIA rate.

The Group's profit and equity for the current year will not be significantly affected by changes in the UK base rate of +/- 1% from current levels.

Commodity price risk

The Group is not materially exposed to any fluctuations in commodity prices due to the nature of the agreements with wholesale providers of telephony and energy services and its ability to pass the effect of any such fluctuations through to its customers.

Liquidity risk

The Group's treasury management policies are designed to ensure continuity of funding.

Foreign currency risk

The Group does not have any significant foreign currency exposure.

Interest rate and currency profile of financial assets and liabilities

All financial assets and liabilities are denominated in Sterling. Receivables due after one year include £3,297,000 (2021: £3,861,000) due mainly from distributors, elements of which earn interest at varying rates above Base Rate.

Borrowing facilities

At 31 March 2022, the Group had total revolving credit facilities of £175,000,000 (2021: £150,000,000). These facilities are available to the Group until 30 June 2024. As at 31 March 2022 £100,000,000 of the facilities was drawn down (2021: £90,000,000 drawn down). As at 31 March 2022 the Group also had letters of credit in place relating to certain energy distribution charges with a total value covered of £2,800,000 (2021: £18,030,500).

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The facilities are secured by fixed and floating charges over the assets of the Group and through cross guarantees with the subsidiaries Utility Warehouse Limited, Electricity Plus Supply Limited, Gas Plus Supply Limited, Utilities Plus Limited and Telecommunications Management Limited. Further details of the facilities are set out in note 15 of these financial statements.

Fair values

There is not considered to be any material difference between the fair value of any financial instruments and their net book amount due to the short-term maturity of the instruments.

Details of the total remuneration paid to the directors of the Company as key management personnel for qualifying services are set out below:

	2022 £'000	2021 £'000
Short-term employee benefits	3,200	2,882
Deferred shares bonus	443	383
Social security costs	428	386
Post-employment benefits	12	11
	4,083	3,662
Share incentive scheme charges	42	139
	4,125	3,801

During the year, the Group acquired goods and services worth £Nil (2021: £Nil) from companies in which directors have a beneficial interest. No amounts were owed to these companies by the Group as at 31 March 2022. During the year, the Group sold goods and services worth £Nil (2021: £Nil) to companies in which directors have a beneficial interest.

During the year directors purchased goods and services on behalf of the Group worth £306,000 (2021: £145,000). The directors were fully reimbursed for the purchases and no amounts were owing to the directors by the Group as at 31 March 2022. During the year the directors purchased goods and services from the Group worth approximately £28,000 (2021: £27,000) and persons closely connected with the directors earned commissions as Partners for the Group of approximately £6,000 (2021: £7,000).

23. Related parties

Identity of related parties

The Company has related party relationships with its subsidiaries (see note 9) and with its directors and executive officers. Related party transactions are conducted on an arm's length basis.

Transactions with key management personnel

Directors of the Company and their immediate relatives control approximately 16.3% of the voting shares of the Company. No other employees are considered to meet the definition of key management personnel other than those disclosed in the Directors' Remuneration Report.

As set out in note 24, the Group has agreed to sell, subject to the necessary FCA change of control approval, its 75% interests in Glow Green Limited and Cofield Limited to Executive Chairman Charles Wigoder.

Subsidiary companies

During the year ended 31 March 2022, the Company purchased goods and services from the subsidiaries in the amount of £96,000 (2021: £153,000 purchased by the Company from the subsidiaries).

During the year ended 31 March 2022 the Company also received distributions from subsidiaries of £50,000,000 (2021: £50,000,000). At 31 March 2022 the Company owed the subsidiaries £55,257,000 which is recognised within trade payables (2021: £61,204,000 owed by the Company to the subsidiaries).

24. Disposals

The Group disposed of its shareholding in UW Home Services Limited (“UWHS”) on 31 March 2022 for consideration of £1 to Lowri Beck Holdings Limited, a specialist meter operator owned by the Calisen Group. The net assets of UWHS at the point of disposal were £1.1m and the loss on disposal for the Group was £1.1m. This has been shown in a separate line on the face of the Consolidated Statement of Comprehensive Income.

The Group has also agreed to sell, subject to the necessary FCA change of control approval, its 75% shareholdings in Glow Green Limited and Cofield Limited (“Glow Green”) for cash consideration of £1 to Charles Wigoder, Executive Chairman of the Group.

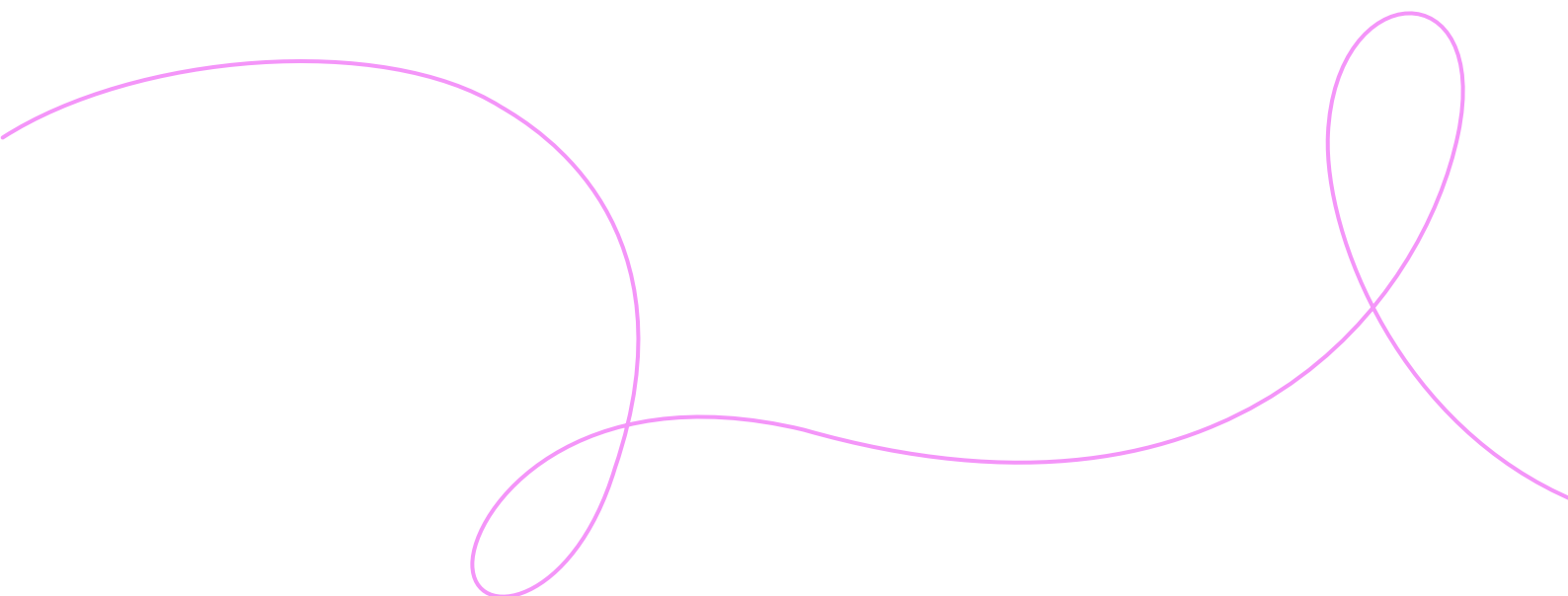
Since acquiring Glow Green in 2018, the business has been consistently loss-making; this has contributed to a cumulative funding requirement of over £6m that will remain with Glow Green as a debt to the Group and be repaid over time. The repayment of the loan has been

personally guaranteed by Charles Wigoder. The Board believe that the disposal of Glow Green is in the best interests of the Group given the significant management resource it would otherwise require, particularly at a time when the growth opportunities within the core business are so exciting.

As a smaller related party transaction, this disposal fell within the requirements of section 11.1.10R of the Listing Rules and the Board obtained written confirmation from its sponsor that the terms of the proposed transaction were fair and reasonable as far as the shareholders of the Group are concerned. In the light of the consideration level the goodwill associated with Glow Green of £1.5m has been impaired in the current period. This has been reflected in the goodwill impairment line in the Consolidated Statement of Comprehensive Income.

The assets and liabilities of Glow Green have been reclassified as held for sale on the balance sheet. A summary of these assets and liabilities is shown below:

	2022 £'000	2021 £'000
Assets classified as held for sale		
Property, plant and equipment	673	-
Inventories	934	-
Trade and other receivables	1,519	-
Cash and cash equivalents	712	-
	3,838	-
Liabilities classified as held for sale		
Trade and other payables	(7,064)	-
Accrued expenses and deferred income	(101)	-
Finance lease liabilities	(386)	-
	(7,551)	-



Shareholder Information

Telecom Plus Plc is a public listed company incorporated and domiciled in the United Kingdom. It has a primary listing on the London Stock Exchange.

Corporate website

The Company's corporate website **telecomplus.co.uk** provides shareholders with financial and governance information.

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