

2020 TRADING UPDATE

For the year ended
31 December 2020



GROUP PLC

26 January 2021

Yü Group PLC
("Yü Group" or the "Group")

Trading Update

Strong trading and performance ahead of expectations

Yü Group PLC, the independent supplier of gas, electricity and water to the UK corporate sector, today provides an update on trading for the year ended 31 December 2020.

Bobby Kalar, Group Chief Executive Officer, said:

"I'm pleased to report an extremely strong trading performance, accelerating throughout H2 2020, that has resulted in the Group expecting to exceed FY 2020 revenue, cash and profit market expectations. Additionally, the Board's expectations for full year ending 31 December 2021 are now ahead of previous levels.

I'm encouraged by the strong finish to the year. Despite the inevitable challenge of the pandemic, we've successfully and seamlessly adjusted our business to manage the impact on our customers without detriment to our growth strategy and operational performance.

The strong and accelerating sales momentum continued in H2 to record levels – with average monthly bookings¹ outperforming expectations at £10.3m (£6.2m for H1 2020 and £4.2m for FY 2019).

In addition, we are seeing the strong sales momentum continuing into January 2021 and we are confident it will continue. This reinforces our confidence that British businesses continue to find new ways of running their successful operations even in the current climate.

A record £2.5bn gas and power business was tendered by the Group in 2020. We continue our resolute discipline in targeting only good margin, quality contracts. As previously disclosed, the Group has established strong and robust systems to reinforce a platform for rapid growth to take full advantage of the opportunity available.

July 2020 was our best bookings month to date at £13.3m, with new channels launched in 2020 showing significant contributions while also containing overhead and costs. Most notable is our first digital channel that went live in H1 2020 and has exceeded all expectations, with £21.5m of annualised revenue booked in H2 2020, an increase from £2.9m in H1 2020. We look forward to launching more new sales channels in 2021.

The Board's growth objective for 2020 was very clear that, having strengthened the business for significant sustainable growth, we would begin to rapidly scale. I'm pleased that our meter point count as of 31 December 2020 was approaching 18,000, an increase of over 100% since the beginning of 2020. The majority of the meter point growth was booked in H2 as the sales channels gathered momentum, and we will see this positively impact revenue in 2021 and beyond.

Legacy contracts have now completely 'washed out' of our book and have been replaced by good margin, high quality, segmentally diverse business. As such we restart our strategy to maintain a 70% customer retention target to further accelerate our meter point growth.

Customer volume demand in H2 was at 94% of pre Covid levels which confirms the strategy to diversify our portfolio is working well.

Acquiring and successfully migrating two B2B customer books during the first lockdown was another first for the Group. Both acquisitions were immediately cash generative and profitable. We expect there to be further consolidation in the market and are ready to take advantage of these value creating opportunities.

Underpinning our growth ambitions is our strong balance sheet, with £11.7m of cash held at 31 December 2020 – an increase of £9.3m during FY 2020 (2019 cash: £2.4m).

A solid forward order book and a laser like focus on managing customer receivables gives me complete confidence in the organisations ability to deliver sustainable and growing profitability. Though it's inevitable that some of our customers will cease to trade due to the harsh economic environment, as a business it's important we work with those customers to help recover debts due to us, a strategy that continues to work well.

I'm very pleased with the Group's operational, strategic and financial development this year. Our strengthened Board has settled in well, helping to create a more joined up collaborative organisation with strong accountability and encouragement to pursue a disciplined growth agenda. Our relationship with Smartest Energy remains strong and we continue to explore mutually beneficial opportunities.

The onboarding of our new nominated advisor, broker and financial PR advisors has brought a renewed sense of ambition and focus in helping the Group accelerate institutional investor access. It also helps to showcase our story and progress on platforms like AJ Bell and Vox. This year we will see more investor engagement, and our 'upwards and outwards' approach will see us take our growth story to a wider audience.

We will continue investing for growth in market leading digital technology to support our businesses' transformational growth, bringing true entrepreneurial disruption to a technologically benign market.

I would also like to express my heartfelt gratitude to all our employees. Their dedication has been commendable, and I want to thank all the team for their unwavering support, commitment and hard work. I look forward to steering and accelerating the business through what is now clearly our exciting scale-up phase."

Financial Highlights

- Revenue significantly ahead of market expectation at over £100m.
- Adjusted EBITDA² for FY 2020 is expected to be significantly ahead of market expectations after a strong performance in H2, despite the impact of Covid.
- Very strong cash position at £11.7m, an increase of £9.3m during 2020 (2019: £2.4m).
- Exceptional operational cash performance, with Bill to Cash ratio at 99% making this a record year.
- Significant revenue growth expected, based on clear momentum in new sales and on contracts already secured.

Strategic & Operational Highlights

- Successful onboarding of two acquisitions during H2 2020, demonstrating the maturity in our people and systems to continue to deliver as we scale.
- Accelerating and very strong sales performance with clear results demonstrated:
 - New digital sales channels now operational and increasing results. Further digital growth channels to go live in 2021.
 - Total Average Monthly Bookings¹ in H2 2020 of £10.3m, with clear momentum building.
 - Meter point numbers at 31 December 2020 now approaching 18,000 (2019: 8,724).
- Strengthened and profitable customer book giving good forward visibility and high confidence in forward growth:
 - Legacy contracts completely 'washed out' of the customer book. Replaced by good margin, segmentally diverse, quality business.
 - Restart of our strategy to maintain a 70% customer retention target to further accelerate growth.
 - Good forward visibility of revenue, with £93m already contracted to impact FY 2021 at much improved gross margin.
- Resilient response to Covid-19 pandemic:
 - Strong cash collection performance.
 - Deployed new health and safety measures in line with Government guidelines.
 - Successfully and promptly migrated 100% office based to 100% remote working with minimal disruption to customer service and operational continuity.
- Continued Focus on operational improvements, managing Cost to Serve, and enhancement to profitability via customer lifecycle initiatives.
- Consistent, high, customer service levels as a recognised leader in the industry.

Outlook

The Board is pleased to report that revenues for FY 2020 are expected to be above market expectations at over £100m. For FY 2021 revenues are expected to be significantly increased; with £93m already contracted and strong organic growth from new bookings set to continue.

The Board expects to report a strong EBITDA performance for H2 2020 after successfully repositioning the Group. Confidence comes from strong organic growth at sustainable margins achieved in the period; the positive contributions from the Group's customer book acquisitions; and the actions taken to reduce the impact of Covid-19.

Adjusted EBITDA for FY 2020 is expected to be significantly ahead of market expectations.

This strong momentum is expected to continue into FY 2021 as the Group continues its strategy to grow organically and to increase its share of the available addressable £35billion market.

¹ Average Monthly Bookings represents the monthly average of the annualised value of new or renewed contracts entered in to with customers during the period. It is worth noting that figures are annualised amounts, and therefore do not reflect the total contract value booked on 2 or 3 year contracts which results in a significantly higher value.

² Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation. It also excludes share based payments and unrealised gains or losses on derivative contracts and, in FY 2019, certain non-recurring items.

This announcement contains inside information for the purpose of Article 7 of Regulation (EU) 596/2014.

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Notes to Editors

Information on the Group

Yü Group PLC, trading as Yü Energy, is an independent supplier of gas, electricity and water focused on servicing the corporate sector throughout the UK. It has no involvement in the domestic retail market. The Group was listed on the AIM market of the London Stock Exchange in March 2016.