TelecomPlus

21 November 2023

Telecom Plus PLC

Half-Year Results for the Six Months ended 30 September 2023

"Comfortably on track to double the size of our high quality customer base"

Telecom Plus PLC (trading as Utility Warehouse or UW), which supplies a wide range of utility services focussed on domestic customers, today announces its half-year results for the six months ended 30 September 2023.

Financial highlights

- Revenue up 57.1% to £883.6m (2022: £562.4m)
- Adjusted profit before taxation up 36.1% to £43.7m (2022: £32.1m)
- Statutory profit before taxation up 22.7% to £35.7m (2022: £29.1m)
- Borrowing facilities successfully refinanced
- Underlying net debt to EBITDA ratio (on a 12-month rolling basis) of 0.7x
- Interim dividend increased to 36p per share (2022: 34p)

Operating highlights

- The business continues to perform strongly against the backdrop of a normalised energy market
- Further high-quality customer growth at an annualised rate of over 14%
- Customer numbers up by 62,601 to 949,180 (March 2023: 886,579)
- Total services supplied up by 170,698 to 2,968,846 (March 2023: 2,798,148)
- Deepened long-term E.ON relationship, opening up incremental growth opportunities
- Expanded broadband service reach by incorporating CityFibre's footprint into our proposition

Current trading & outlook

- Now in 5th consecutive half-year period of delivering comfortable double-digit customer growth
- Macro-economic pressures continue to provide a favourable environment for new Partner recruitment and engagement
- 7th largest energy supplier in the UK, consistently offering the lowest-priced tariffs and with significant further organic growth potential ahead: 97 out of every 100 UK households are with another supplier
- Looking forward to welcoming 1 millionth customer during H2
- Confident in meeting expectations for the full year, with an initial £10m share buyback commencing in H2

Commenting on today's results, Stuart Burnett, Co-CEO said:
"We have consistently offered the lowest-priced energy tariffs in the UK for over 2 years. Our unique multiservice model means we can continue to sustainably beat the competition, and is the primary driver of our continued rapid growth.

"We are fast approaching the 1m customer milestone, and our current rate of growth places us firmly on track to double the size of the business by welcoming a further million customers to UW over the medium term."

Andrew Lindsay, Co-CEO added:
"With no obvious end in sight for hard-pressed families across the country, demand for our income opportunity remains high, and we are committed to supporting all of our Partners to achieve their personal goals through UW.

"Over the past 24 months, the business has consistently delivered double-digit growth in customers and profit: this ongoing strong performance reflects a business that has never been in such good health in terms of its customer proposition, its competitive position and the levels of engagement within its Partner community."

There will be a virtual management presentation for analysts and investors today starting at 09.00, accessible via https://brrmedia.news/TEP_HYR24. An on-demand webcast version will be made available for subsequent viewing at https://telecomplus.co.uk/latest-results-and-annual-report.

For more information please contact:

Telecom Plus PLC
Stuart Burnett, Co-CEO 020 8955 5000
Andrew Lindsay, Co-CEO
Nick Schoenfeld, CFO

Peel Hunt
Dan Webster / Andrew Clark 020 7418 8900

Deutsche Numis
Mark Lander / Joshua Hughes 020 7260 1000

For investor relations:
Julian Wais 07720 999764
jwais@uw.co.uk

For media relations:
Lansons Communications LLP
Tom Baldock / Ed Hooper 07860 101715 / 07783 387713
utilitywarehouse@lansons.com

About Telecom Plus PLC ("Telecom Plus"):
Telecom Plus, which owns and operates Utility Warehouse (UW), is the UK's leading multiservice utility provider, offering bundled household services – energy, broadband, mobile and insurance – through one account.

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

Customers sign up through a network of local UW Partners all across the country. These Partners recommend UW's services to friends, family and people they know by word-of-mouth. Telecom Plus is listed on the London Stock Exchange (Ticker: TEP LN). For further information please visit telecomplus.co.uk

LEI code: 549300QGHDX5UKE58G86

Cautionary statement regarding forward-looking statements

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

Introduction

The business has delivered uninterrupted growth in customer numbers for every one of its 25+ years. This has been achieved in a broad spectrum of market and macroeconomic conditions. We have delivered continued strong customer and profit growth in the first half of this year, against a normalised competitive market backdrop in which all other energy suppliers have reopened their doors to new customers. This performance is clear evidence of the continuing strength of our business model, and the sustainable double-digit customer growth and earnings potential ahead.

We offer our customers a one-stop shop for their essential services, offering competitive prices over the long term, and we pride ourselves on genuinely helping our customers to stop wasting time and money on their household bills.

Our unique multiservice customer proposition spans the energy, broadband, mobile and insurance markets and allows our customers to bundle many of their essential household services together with UW. As a result, we receive up to four revenue streams from each of our customers but have just one single back office supporting all the services we provide to them. This gives us an inbuilt and enduring cost advantage that our competitors have been unable to replicate and which we share with our customers year-on-year through lower prices.

This long-term, fair pricing approach, enhanced by top-rated customer service and the convenience of having one bill, one account, and one app to manage all their household services, builds loyalty amongst our customers to our brand; as a result, our typical homeowning customers display below-market rates of churn and bad debt, further compounding our cost advantage.

The key to acquiring new multiservice customers is our unique and hard-to-replicate word-of-mouth acquisition model. Over many years we have built up a UK-wide community of some 65,000 Partners who are real advocates for our proposition. They overcome the natural inertia that exists to simultaneously switch multiple essential household services by personally explaining to family, friends, work colleagues and acquaintances the convenience of a single UW account for all their household services and the long-term value we offer. This unique approach enables us to successfully grow our multiservice customer base in a way that other customer acquisition strategies cannot replicate.

H1 FY24 Overview

Despite competition returning to the energy market, the company has continued to perform very strongly, clearly demonstrating the sustainability of its business model to deliver strong organic growth in a normalised competitive marketplace, giving us significant confidence in our continued and profitable growth trajectory.

We were pleased to welcome over 62,500 additional customers to UW during the first half, representing an annualised growth rate of over 14%. This takes the total number of customers we supply to a record high of 949,180. Continued strong multiservice take-up amongst new customers seeking to maximise the savings that they can make on their household bills resulted in the number of services we supply to our customers increasing by a further 170,698, to a total of 2,968,846.

Key to this growth has been our word-of-mouth route-to-market. Given the continued pressure on household budgets due to high interest rates and rising living costs, many have embraced our Partner opportunity as an alternative way to earn a second income, and new Partner recruitment levels have remained robust.

While high-quality growth remains a core focus for the business, we have also prioritised supporting our customers and delivering for our people and on our ESG objectives: we have increased support for vulnerable customers with the opening of a dedicated energy prepayment customer service hub and we continue to play our role in the transition to net zero, particularly through the smart meter rollout.

Financial Results

	Adjusted			Statutory		
Half year to 30 September	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Revenue	£883.6m	£562.4m	*57.1%*	£883.6m	£562.4m	*57.1%*
Profit before tax	£43.7m	£32.1m	*36.1%*	£35.7m	£29.1m	*22.7%*
Basic earnings (per share)	38.8p	33.9p	*14.5%*	29.5p	30.5p	*(3.3)%*
Interim dividend (per share)	36.0p	34.0p	*5.9%*	36.0p	34.0p	*5.9%*

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 £2.4m (2022: £0.7m), the loss for the period attributable to the non-controlling interest of £Nil (2022: £0.3m), and the amortisation of the intangible asset of £5.6m (2022: £5.6m) arising from entering into the energy supply arrangements with E.ON (formerly npower) in December 2013; this decision reflects both the relative size and non-cash nature of these charges. In H1 FY23 adjusted profit before tax and adjusted basic EPS also exclude the profit on the disposal of Glow Green (£3.6m). The reconciliations for adjusted profit before tax and adjusted EPS are set out in notes 3 and 9 respectively.

Adjusted profit before tax increased to £43.7m (2022: £32.1m) on revenues of £883.6m (2022: £562.4m) mainly due to the increase in the number of services and higher energy prices year on year, particularly in the first quarter. Adjusted earnings per share increased to 38.8p (2022: 33.9p). Statutory profit before tax increased to £35.7m (2022: £29.1m), including energy supply contract intangible amortisation of £5.6m (2022: £5.6m), and share incentive scheme charges of £2.4m (2022: £0.7m).

We will be paying an increased interim dividend of 36p per share (2022: 34p) on 15 December 2023 to shareholders on the register on 1 December 2023; the Company's shares will go ex-dividend on 30 November 2023.

Revenues

The increase in revenue primarily reflects higher average energy prices (particularly in the first quarter), combined with the increase in the number of services we are supplying following a period of continued strong customer growth.

Gross margin

Gross margin fell to 18.7% (2022: 19.9%), mainly reflecting the higher proportion of revenues from supplying lower-margin energy services, exacerbated by a higher energy price cap in Q1.

Costs

Distribution expenses increased to £25.4m (2022: £17.2m), reflecting the higher levels of Partner commission, and Partner and customer incentives during the period given continued strong growth.

Administrative expenses (excluding the amortisation of the energy supply contract intangible and share incentive scheme charges) increased to £76.4m (2022: £53.2m). This increase was mainly a result of higher staff and technology costs to manage the double-digit growth in the customer base, and higher call volumes, particularly in Q1, which are already abating.

As expected, the bad debt charge for the period increased to £18.8m (2022: £8.5m) representing 2.1% of revenues (2022: 1.5%). This reflected increased levels of customer non-payment arising from higher energy prices, cost-of-living pressures, and the temporary moratorium on the installation of prepayment

meters under warrant. Ofgem is currently consulting on increasing the bad debt allowance within the price cap given increased debt levels across the energy industry.

Cash Flow and Borrowings

The operating cash outflow of £142.6m reflected the expected unwinding of £121m of funds associated with the Government's energy support schemes that were received in advance of the year end. In addition, there were one-off timing differences relating to wholesale energy supply payments, and higher corporation tax instalment payments. In H1 FY23 the operating cash inflow was £78.6m, which mainly reflected the temporary early receipt of £48m of Government funds for the Energy Bills Support Scheme. Capital expenditure of £6.3m in the period (2022: £4.9m) related primarily to our ongoing technology investment programme.

As expected, net debt (including lease liabilities) increased to £82.9m at the period end (31 March 2023: net cash £103.4m). Underlying net debt to EBITDA ratio (on a 12-month rolling basis) is 0.7x.

We are pleased to have refinanced the Company's borrowing facilities. The new facilities comprise a continuation of our £175m RCF for a term of four years, together with £75m of private placement debt with a maturity of 7 years, thus diversifying our sources of capital. These new facilities will support the growth plans of the Company.

Tax

Our effective tax rate for the first half was 34.6% (2022: 18.1%, being below the underlying rate of corporation tax of 19% due mainly to the profit on disposal of Glow Green and the tax deduction available from the exercise of employee share options). The overall level during the current period was above the underlying rate of UK corporation tax of 25% due mainly to the ongoing amortisation charge on our energy supply contract intangible asset (which is not an allowable deduction for tax purposes), and a movement in deferred tax.

Our Customers

We were pleased to extend the comfortable double-digit growth rate we have been delivering for over two years now, by welcoming over 62,500 additional customers to UW during the first half, representing an annualised growth rate of over 14%.

	H1 FY2024	**FY2023**	**H1 FY2023**
Residential	931,464	866,403	792,674
Small Business	17,716	20,176	22,010
Total	**949,180**	**886,579**	**814,684**

We continue to focus on driving high-quality customer growth and drive our acquisition and product development strategies to achieve this, with multiservice homeowners being our clearly defined primary target demographic.

Our Services
We are pleased to have seen further strong growth across each of our individual services during the period:

	H1 FY2024	FY2023	H1 FY2023
Core services			
Energy	1,606,509	1,522,350	1,388,932
Broadband	363,595	354,118	341,392
Mobile	424,114	394,145	364,062
Insurance	118,889	100,590	74,948
Other services			
Cashback Card	434,588	405,118	364,960
Legacy services	21,151	21,827	22,958
Total	**2,968,846**	**2,798,148**	**2,557,252**

Energy services number includes both electricity (876,446) and gas (730,063) supply points to maintain consistency with energy industry reporting practices.

Energy
In July, UW was voted the Best Value for Money in the uSwitch 2023 Energy awards, reflecting our continued ability to sustainably offer the lowest-priced energy tariffs in the market to our multi-service customers - a position we have consistently held for over 2 years. This is a key driver behind the further healthy growth in energy services that we delivered in the first half of the year.

This growth sits against a background of increasing market stability and normalisation. The reduction in the energy price cap across the first half of the calendar year, increasing wholesale price stability and the withdrawal of 'energy-crisis-related' government and regulatory interventions prompted a return of rational fixed price offers to the market by virtually all suppliers, an environment in which we continue to thrive.

Our smart meter rollout continues at pace, with almost 50,000 installations in the period and smart penetration exceeding 69% of our base, vs an industry average of 59%. We continue to lobby the UK government to make smart meters mandatory, which will facilitate the attainment of the full benefits from this critical aspect of the nation's energy infrastructure and accelerate the vital role smart meters are playing in the UK's net zero transition.

We were pleased to update our existing long-term energy supply contract with E.ON during the period, ensuring the sustainability of the agreement over the remaining 10-year term. We are excited by the greater flexibility this provides us to develop and launch a wider range of energy products. In the near term a broader set of attractively priced fixed tariffs to both the residential and small business markets, and over the longer term fully harnessing the significant opportunities that will emerge as the energy retail market continues to evolve.

Broadband
Our broadband base showed further solid growth during the period, with over 30% of new customer orders opting for our full fibre service.

Following the CPI+ price rises that the main broadband providers imposed on their customers earlier in the year, our competitive position has improved, particularly in relation to the most popular entry-level fibre broadband product. Further to this, we were pleased to expand our service reach by incorporating CityFibre's footprint into our proposition in September and will continue to ensure we can offer UW customers the high-speed, high quality connectivity they want.

Mobile
Our mobile business surpassed 400,000 services during the period with ongoing annualised growth of over 15%. Through our long-term MVNO (Mobile Virtual Network Operator) relationship with EE we can offer our customers the most complete geographic network coverage in the UK, and the most competitive unlimited multi-SIM offering in the market. We remain committed to maintaining a market-leading customer proposition as the market continues to evolve.

Insurance
Our insurance business is performing strongly, delivering 36% annualised policy growth, whilst helping to support the acquisition of multiservice homeowners.

Price inflation in the wider home insurance market exceeded 25% in the year to July 2023 and, as a result, a number of major players have exited the market. In this environment, we are pleased to have successfully maintained our competitive panel, continued to scale our policy book and kept our home insurance renewal rate during the period at over 90%.

Our Boiler & Home Cover book has been steadily migrating into UWI (our in-house insurer) over the 12-month renewal cycle. As of the end of September, 52% of our Boiler & Home Cover book was underwritten within UWI, with the remainder expected to be migrated by the end of FY24.

In addition to successfully completing its first six months of trading, UWI has secured favourable reinsurance terms and received regulatory approval for its prudent reinsurance approach, enabling us to start selectively underwriting individual home insurance policies. This is an important step in our strategy to significantly accelerate growth of our insurance business from FY25 onwards.

A unique word-of-mouth route to market that is hard to replicate
Our word-of-mouth approach is the key that unlocks our ability to consistently acquire multiservice customers, which in turn delivers our sustainable cost advantage.

By personally explaining to family, friends and acquaintances the convenience of a single UW account for all their household services and the long-term value UW offers, our Partners overcome the natural inertia that exists to simultaneously switch multiple essential household services. This unique word-of-mouth approach enables us to successfully grow our multiservice customer base in a way that other customer acquisition strategies cannot replicate.

Our 25+ year track record of providing second incomes to thousands of Partners in the UK, our strong culture of recognition and celebration, and the market-leading competitive positioning of our multiservice bundles, mean we provide an attractive opportunity for those who seek to work flexibly around other commitments.

The rising cost of living, in particular the significant increases that many homeowners face in their monthly mortgage costs, is causing more and more people to seek an additional income; with new Partner recruitment running over 40% higher than the equivalent period last year. With no obvious end in sight for hard-pressed families across the country, we expect that demand for our income opportunity will remain high, and we remain committed to helping our Partners achieve their personal goals through UW.

Investing in Customer Service

Genuinely supporting and looking after our customers is fundamental to our word-of-mouth route to market, and our customer service and operations teams are highly focused on earning the personal recommendations of our customers and Partners.

We prioritise investing in initiatives that really deliver on our goal of helping UW customers stop wasting time and money, with a key focus on digital self-service and resolving customer queries the first time a customer calls us. Since the start of the financial year, we significantly improved our customer support capability by introducing 'one-way' video, allowing our advisors to understand and resolve energy and broadband queries faster by enabling them to see the problem first hand. We also increased support for our vulnerable customers with the opening of a dedicated energy prepayment customer service hub in Selkirk, Scotland in June, where we now have over 65 colleagues trained to provide support to those in greatest need.

Our UW colleagues are key to supporting our customers, and we continue to invest in the integrated Customer Relationship Management systems our teams use to look after our multiservice customers so they can provide the highest levels of customer service with the least effort.

Our People

A key business priority this year is to evolve our distinct culture to help attract, develop and keep great people. We've made huge progress during the first half of the year by codifying our culture and articulating the way we do things at UW, and we are excited to have moved to implementation as the second half begins.

We continue to invest in our people leaders by equipping them with the right skills and tools to effectively lead our teams: from our leadership fundamentals programme through to coaching and team effectiveness training. We're already seeing the impact of this, with our leadership engagement score above target at 81%.

Similarly, ensuring that our customer-facing teams have everything they need to fully support our customers is a core focus. During the period, we introduced a new workforce management system which allows us to better predict call volumes and resource requirements. This has enabled us to decrease the number of people required to work on Saturdays, introduce a holiday guarantee policy, and give our call-taking teams greater autonomy over their scheduled breaks and the ability to swap shifts. Making life easier for our colleagues by providing them with greater flexibility, easy-to-use systems, a better working environment, and the support they need to build careers with UW remains a key priority as we continue to grow.

Our ESG Progress

We are committed to achieving our target of net zero Greenhouse Gas emissions on or before 2050 across Scope 1, 2 and 3. We have set an interim target to reduce these emissions by 63% by 2035 and are working towards achieving these targets. In addition, we are committed to obtaining validation of our targets by the Science Based Targets Initiative (SBTi).

As the UK energy retail market evolves and continues its transition to net zero, it is clear there will be significant opportunities for us. To fully realise these, our updated supply contract with E.ON provides a framework for us to refresh our green customer product offering and develop innovative 'time of use' tariffs (suitable for EV charging and home generation and storage).

To support vulnerable customers as the increased cost of living continues to impact families across the UK, we have started to deploy the UW-funded hardship fund nationwide (including customers of other suppliers), through our partnership with Citizen Advice Plymouth.

We have continued to progress our Diversity and Inclusion (D&I) agenda. This year, we have formally launched our new Belonging Networks including Menopause, Carers, Pride and Women in Leadership networks. These provide peer-to-peer support and help to inform our People policy and agenda.

Dividend & Capital Allocation

The Company continues to be highly cash-generative whilst delivering strong, sustainable growth. Our amended capital allocation policy is to return surplus cash to shareholders through share buybacks, after funding organic growth, while modestly growing our current dividend and maintaining an appropriate level of gearing.

As a result, the Board is increasing the interim dividend by 5.9% to 36p, and expects to spend up to £10m on buying back shares in the Company during H2.

Board changes

After 16 years with the company Andrew Lindsay has informed the Board of his plan to step down as Co-CEO and from the Board. The current Co-CEO structure that has been in place for the past two years means there is a clear succession path, and Stuart Burnett will assume overall responsibility for the business as sole CEO from the AGM next summer.

Andrew will remain with the business on a part time basis over the medium term, with a focus on supporting and further growing our Partner community.

Outlook

We are now into our 5th consecutive half-year period of delivering comfortable double-digit customer growth, clearly demonstrating the long-term sustainability of our current growth trajectory. We anticipate passing the 1 million customer milestone during the second half of the year, and are confident that we will meet expectations for the full year.

The UK energy retail market landscape now looks remarkably similar to the competitive landscape which existed prior to 2014 when there were 6 large suppliers holding over 90% market share. Once again, all of the remaining suppliers are pricing rationally and, as a result, making low margin returns in line with the Ofgem price cap. What limited innovation there is primarily revolves around niche tariffs relating to the nascent energy transition.

In contrast, our differentiated multiservice customer proposition continues to give us a unique and enduring cost advantage that enables us to consistently price competitively across our four core markets, and is pivotal to our ongoing success.

The key to unlocking our multiservice cost advantage is our word-of-mouth route to market, and with no end in sight to the financial pressure being felt by UK households, our ability to offer hard pressed people

a meaningful second income for recommending our multiservice customer proposition to people they know provides further support for our strong organic customer growth rate.

As we approach the next phase of our growth, scaling the business from 1 million to 2 million customers, the business has never been in better health. It has a unique customer proposition and strong competitive position, and there is heightened demand from households seeking to earn an additional income as UW Partners. We also have a strong UW team - from our geographically distributed UK workforce to our enhanced leadership. With just 3% market share, the growth opportunity in front of us remains significant: we can double the size of the business yet still remain only the 7th largest supplier in the UK.

This ongoing momentum gives us increasing confidence in achieving our medium-term target of welcoming a further million customers to UW, and in doing so more than doubling the profits and cash generated by the business.

Given on behalf of the Board

ANDREW LINDSAY	**STUART BURNETT**	**NICK SCHOENFELD**
Co-Chief Executive	Co-Chief Executive	Chief Financial Officer

21 November 2023

Principal Risks and Uncertainties

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

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

The directors have carried out a robust assessment of the Company's emerging and principal risks. A formal document is prepared by the executive directors and senior management team 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 and Risk Committee. Save as set out below, the magnitude of any risks previously identified has not significantly changed during the period.

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

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

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

The Group'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.

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

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

availability and integrity of the Group's systems and operations whilst ensuring that any risks and vulnerabilities that arise are managed and mitigated.

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

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

Monitoring, backing up and restoring of the software and underlying data are made on a regular basis. Backups are securely stored or replicated to different locations. Disaster recovery facilities are 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 privacy, information security, cyber security and fraud risk

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

The Group has deployed a robust and industry-appropriate Group-wide layered data privacy and information/cyber security strategy, providing effective control to mitigate the relevant threats and risks. The Group is PCI 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, data and cyber security risks are overseen by the Group's Information Security and Legal & Compliance teams.

Fraud has the potential to impact the Group from a financial, regulatory and reputational perspective. To mitigate and control the risk of fraud the Group actively investigates and reports on fraud activity and trends to our industry partners, and ensures that effective controls are implemented. The Group has further enhanced its monitoring and controls to deal with new and emerging risks, for example from the increase in the cost of living, by bolstering its specialised Fraud team. Fraud risks are overseen by the Group's Fraud team which sits within Legal & Compliance.

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

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

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

The regulatory framework for the UK's energy retail market, as overseen by Ofgem, is subject to continuous development. Any regulatory change could potentially lead to a significant impact on the sector, and the net profit margins available to energy suppliers. The pace and extent of regulatory change continues to be more substantial than in previous years. In addition to the industry-wide programmes of work, such as the continuing rollout of smart meters, and a growing range of environmental and social obligations, Ofgem has been implementing a special package of reform measures. These specific reforms emerged in response to the 'energy crisis': the period since the autumn 2021 associated with high wholesale energy costs, supplier failures and a consolidation of competition. The reforms cover development of the price cap, intensive assessment of suppliers' financial resilience and compliance performance, and temporary interventions 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 telecommunications services and therefore has a direct regulatory relationship with Ofcom. If the Group fails to comply with its obligations, it could be subject to fines or lose its ability to operate. The ongoing implementation of the European Electronic Communications Code has resulted in an increased regulatory burden and an even stronger Ofcom focus on compliance monitoring. Regulatory changes to the fixed line and broadband switching processes effective this calendar 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 and has recently become authorised for insurance underwriting in Gibraltar by the Gibraltar Financial Services Commission ("GFSC"). If the Group fails to comply with FCA/GFSC regulations, it could be exposed to fines 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 practices and the FCA's new Consumer Duty will have a significant impact on the financial services sector as a whole. The business has prepared and the Board has approved an implementation plan which will continue to be informed by any clarifications and additional guidance issued.

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 Energy Security and Net Zero ("DESNZ"), the FCA and the GFSC. The Group engages with officials from all these organisations on a periodic basis to ensure they are aware of the Group's views when they are consulting on proposed regulatory changes.

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

The Group is also aware of and managing the impact of a developing regulatory landscape in relation to climate change and the net zero transition.

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

Financing risk

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

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

Bad debt risk

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

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

Wholesale price risk

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

Whilst there is a theoretical risk that in some of the areas in which the Group operates it may be unable to secure access to the necessary infrastructure on commercially attractive terms, in practice the pricing of access to such infrastructure is typically either regulated (as in the energy market) or subject to significant competitive pressures (as in 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 E.ON (formerly npower) under which the latter assumes the substantive risks and rewards of buying and hedging energy for the Group's customers, and where the price paid by the Group to cover commodity, balancing, and certain other associated supply costs is set by reference to the Ofgem published energy price cap, which is set at the start of each quarter; this may not be competitive against the equivalent supply costs incurred by new and/or other independent suppliers. However, if the Group did not have the benefit of this long-term supply agreement it would need to find alternative means of protecting itself from the pricing risk of securing access to the necessary energy on the open market and the costs of balancing.

Competitive risk

The Group operates in highly competitive markets and significant service innovations by others or increased price competition, could impact future profit margins 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.

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

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

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

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

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

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

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

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

The Group is committed to achieving net zero greenhouse gas emissions. In line with our commitment to develop a detailed net zero transition plan and carbon target plan in FY23 we evaluated our emissions and target against recognised standards including Science Based Targets initiative ("SBTi") Corporate net zero Standard, the gold standard framework for emissions target-setting. We modelled our emissions trajectory and used credible assumptions on external factors that, as a reseller, will strongly influence the Group's decarbonisation ability including our key suppliers' decarbonisation plans and the UK government's published projections about the decarbonisation trajectory of the UK energy grid. We have adjusted our target to be Net Zero on or before 2050, across scopes 1,2 and 3 to allow us to implement a credible science-based plan by aligning with the UK government and our key suppliers. We will use an FY22 emissions baseline, and we will set an interim target to reduce emissions by 63% across Scopes

1, 2, and 3 by 2035. The Group will have its targets validated by the SBTi, the leading body on emissions target setting. Once targets are validated to SBTi we will begin tracking and disclosing progress against them.

The Group is committed to continuing to implement the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD").

Going Concern

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

As at 30 September 2023 the Group had revolving credit facilities of £175.0 million with Barclays Bank PLC, Lloyds Bank PLC and Bank of Ireland Group PLC for the period to 30 June 2025. As at 30 September 2023, £120.0 million of this facility was drawn down and the Company had a cash balance of £37.2 million. Since the period end the Group has extended the term of its £175.0m revolving credit facilities to 17 November 2027, and entered into £75m of private placement debt with a maturity of 7 years.

Under the Group's energy supply arrangements, the Group benefits from its relationship with E.ON who fund the principal seasonal working capital requirements relating to the supply of energy to the Group's customers.

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

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

Directors' Responsibilities

The Directors are responsible for the preparation of the condensed set of financial statements and interim management report comprising this set of Half-Yearly Results for the six months ended 30 September 2023, each of whom accordingly confirms that to the best of their knowledge:

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

The Directors of Telecom Plus PLC are:

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

Independent Review Report to Telecom Plus PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2023 which comprises the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of financial position, the condensed consolidated interim statement of cash flows, the condensed consolidated interim statement of changes in shareholders' equity and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2023 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Basis for conclusion

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

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

Conclusions relating to going concern

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

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

Directors' responsibilities

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

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

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

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

Our responsibility

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

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

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

Robert Seale
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London E14 5GL
United Kingdom

21 November 2023

Condensed Consolidated Interim Statement of Comprehensive Income

	Note	6 months ended 30 September 2023 (unaudited) £'000	6 months ended 30 September 2022 (unaudited) £'000	Year ended 31 March 2023 (audited) £'000
Revenue		883,631	562,431	2,475,160
Cost of sales		(718,583)	(450,777)	(2,168,964)
Gross profit		165,048	111,654	306,196
Distribution expenses		(25,358)	(17,175)	(49,692)
Administrative expenses		(76,379)	(53,175)	(129,014)
Share incentive scheme charges		(2,373)	(741)	(2,849)
Amortisation of energy supply contract intangible	5	(5,614)	(5,614)	(11,228)
Total administrative expenses		(84,366)	(59,530)	(143,091)
Impairment loss on trade receivables		(18,759)	(8,467)	(28,675)
Other income		645	648	1,156
Operating profit		37,210	27,130	85,894
Financial income		1,592	143	1,016
Financial expenses		(3,087)	(1,764)	(5,051)
Net financial expense		(1,495)	(1,621)	(4,035)
Profit on disposal of subsidiaries		-	3,595	3,595
Profit before taxation		35,715	29,104	85,454
Taxation		(12,348)	(5,271)	(17,293)
Profit for the period		23,367	23,833	68,161
Profit and other comprehensive income for the period attributable to owners of the parent		23,367	24,098	68,426
Loss for the period attributable to non-controlling interest		-	(265)	(265)
Profit for the period		23,367	23,833	68,161
Basic earnings per share	9	29.5p	30.5p	86.6p
Diluted earnings per share	9	29.1p	30.0p	85.2p
Interim dividend per share		36.0p	34.0p	-

Condensed Consolidated Interim Balance Sheet

Assets	Note	As at 30 September 2023 (unaudited) £'000	As at 30 September 2022 (unaudited) £'000	As at 31 March 2023 (audited) £'000
Non-current assets				
Property, plant and equipment		24,534	26,056	25,816
Investment property	4	8,158	8,385	8,271
Intangible assets	5	139,341	147,306	142,491
Goodwill		3,742	3,742	3,742
Other non-current assets		53,324	36,258	47,529
Total non-current assets		229,099	221,747	227,849
Current assets				
Inventories		4,759	3,714	5,698
Trade and other receivables		72,238	51,955	58,863
Current tax receivable		4,987	2,110	3,083
Accrued income		113,935	129,861	267,576
Prepayments		14,080	7,397	16,954
Costs to obtain contracts		22,392	19,487	20,912
Cash		37,220	80,632	193,804
Total current assets		269,611	295,156	566,890
Total assets		498,710	516,903	794,739
Current liabilities				
Trade and other payables		(61,696)	(86,161)	(55,396)
Accrued expenses and deferred income		(94,301)	(119,644)	(417,354)
Total current liabilities		(155,997)	(205,805)	(472,750)
Non-current liabilities				
Long term borrowings	6	(119,491)	(99,513)	(89,721)
Lease liabilities		(584)	(713)	(659)
Deferred tax		(2,025)	(756)	(901)
Total non-current liabilities		(122,100)	(100,982)	(91,281)
Total assets less total liabilities		220,613	210,116	230,708
Equity				
Share capital		4,006	3,998	4,003
Share premium		151,253	149,581	150,652
Capital redemption reserve		107	107	107
Treasury shares		(5,502)	(5,502)	(5,502)
JSOP reserve		(1,150)	(1,150)	(1,150)
Retained earnings		71,899	63,082	82,598
Total equity		220,613	210,116	230,708

Condensed Consolidated Interim Cash Flow Statement

	Note	6 months ended 30 September 2023 (unaudited) £'000	6 months ended 30 September 2022 (unaudited) £'000	Year ended 31 March 2023 (audited) £'000
Operating activities				
Profit before taxation		35,715	29,104	85,454
Adjustments for:				
Net financial expense		1,495	1,621	4,035
(Profit)/ Loss on disposal of subsidiaries		-	(3,595)	(3,595)
Depreciation of property, plant and equipment		1,743	1,720	3,968
Profit on disposal of fixed assets		-	(56)	(85)
Amortisation of intangible assets	5	9,118	8,461	17,407
Amortisation of debt arrangement fees		119	298	506
Decrease/(increase) in inventories		939	438	(1,546)
Decrease/(increase) in trade and other receivables		135,781	(9,504)	(176,146)
(Decrease)/increase in trade and other payables		(316,722)	57,170	323,974
Share incentive scheme charges		2,373	741	2,849
Corporation tax paid		(13,124)	(7,749)	(20,605)
Net cash flow from operating activities		(142,563)	78,649	236,216
Investing activities				
Purchase of property, plant and equipment		(348)	(1,580)	(3,535)
Purchase of intangible assets	5	(5,968)	(3,349)	(7,480)
Disposal of property, plant and equipment		-	62	91
Cash held in subsidiaries at disposal		-	(596)	(596)
Interest received		1,676	143	847
Cash flow from investing activities		(4,640)	(5,320)	(10,673)
Financing activities				
Dividends paid	7	(36,445)	(23,689)	(50,601)
Interest paid		(3,106)	(1,754)	(4,934)
Interest paid on lease liabilities		(9)	(10)	(17)
Drawdown of long-term borrowing facilities		30,000	15,000	55,000
Repayment of long-term borrowing facilities		-	(15,000)	(65,000)
Fees associated with borrowing facilities		(350)	-	-
Repayment of lease liabilities		(75)	(88)	(107)
Issue of new ordinary shares	8	604	2,485	3,561
Cash flow from financing activities		(9,381)	(23,056)	(62,098)
Increase/(decrease) in cash and cash equivalents		(156,584)	50,273	163,445
Net cash and cash equivalents at the beginning of the year		193,804	30,359	30,359
Net cash and cash equivalents at the year end		37,220	80,632	193,804

Condensed Consolidated Interim Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Treasury shares £'000	JSOP reserve £'000	Retained earnings £'000	Non-controlling interest £'000	Total £'000
Balance at 1 April 2022	3,982	147,112	107	(5,502)	(1,150)	61,935	(911)	205,573
Profit and total comprehensive income for the period	-	-	-	-	-	24,098	(265)	23,833
Dividends	-	-	-	-	-	(23,689)	-	(23,689)
Credit arising on share options	-	-	-	-	-	741	-	741
Deferred tax on share options	-	-	-	-	-	6	-	6
Retained earnings tax adjustments	-	-	-	-	-	(9)	-	(9)
Issue of new ordinary shares	16	2,469	-	-	-	-	-	2,485
Disposal of non-controlling interest	-	-	-	-	-	-	1,176	1,176
Balance at 30 September 2022	3,998	149,581	107	(5,502)	(1,150)	63,082	-	210,116
Balance at 1 October 2022	3,998	149,581	107	(5,502)	(1,150)	63,082	-	210,116
Profit and total comprehensive income for the period	-	-	-	-	-	44,328	-	44,328
Dividends	-	-	-	-	-	(26,912)	-	(26,912)
Credit arising on share options	-	-	-	-	-	2,108	-	2,108
Deferred tax on share options	-	-	-	-	-	(17)	-	(17)
Retained earnings tax adjustments	-	-	-	-	-	9	-	9
Issue of new ordinary shares	5	1,071	-	-	-	-	-	1,076
Balance at 31 March 2023	4,003	150,652	107	(5,502)	(1,150)	82,598	-	230,708
Balance at 1 April 2023	4,003	150,652	107	(5,502)	(1,150)	82,598	-	230,708
Profit and total comprehensive income for the period	-	-	-	-	-	23,367	-	23,367
Dividends	-	-	-	-	-	(36,445)	-	(36,445)
Credit arising on share options	-	-	-	-	-	2,373	-	2,373
Deferred tax on share options	-	-	-	-	-	(5)	-	(5)
Retained earnings tax adjustments	-	-	-	-	-	11	-	11
Issue of new ordinary shares	3	601	-	-	-	-	-	604
Balance at 30 September 2023	4,006	151,253	107	(5,502)	(1,150)	71,899	-	220,613

Notes to the Condensed Interim Financial Statements

1. General information

The condensed consolidated interim financial statements presented in this half-year report ("the Half-Year Results") have been prepared in accordance with IAS 34 as adopted for use in the UK. The principal accounting policies adopted in the preparation of the condensed consolidated financial statements are unchanged from those used in the annual report for the year ended 31 March 2023, and are consistent with those that the Company expects to apply in its financial statements for the year ended 31 March 2024. The Company is in the process of implementing IFRS 17: Insurance Contracts and evaluating the full year financial impacts, including presentational and disclosure changes. For the Condensed Interim Financial Statements these changes have been assessed as not material.

The condensed consolidated financial statements for the year ended 31 March 2023 presented in this half-year report do not constitute the Company's statutory accounts for that period. The condensed consolidated financial statements for that period have been derived from the Annual Report and Accounts of Telecom Plus PLC. The Annual Report and Accounts of Telecom Plus PLC for the year ended 31 March 2023 were audited and have been filed with the Registrar of Companies.

The Independent Auditor's Report on the Annual Report and Accounts of Telecom Plus PLC for the year ended 31 March 2023 was unqualified and did not draw attention to any matters by way of emphasis and did not contain statements under s498(2) or (3) of the Companies Act 2006. The financial information for the periods ended 30 September 2023 and 30 September 2022 is unaudited but has been subject to a review by the Company's auditor.

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

The Half-Year Results were approved for issue by the Board of Directors on 21 November 2023.

2. Judgements and estimates

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods if applicable.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2023.

3. Alternative performance measures

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 E.ON (formerly npower) in December 2013; this decision reflects both the relative size and non-cash nature of these charges. In FY23 adjusted profit before tax also excludes the Group profit on disposal of Glow Green reflecting the one-off non-operating nature of this item.

	6 months ended 30 September 2023 (unaudited)	6 months ended 30 September 2022 (unaudited)	Year ended 31 March 2023 (audited)
	£'000	£'000	£'000
Statutory profit before tax	35,715	29,104	85,454
Adjusted for:			
Loss for period attributable to non-controlling interest	-	265	265
Amortisation of energy supply contract intangible assets	5,614	5,614	11,228
Share incentive scheme charges	2,373	741	2,849
Profit on disposal of subsidiary	-	(3,595)	(3,595)
Adjusted profit before tax	43,702	32,129	96,201

4. Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation. Rental income from investment properties is accounted for on an accruals basis. The operation of the Company were transferred into new head offices at Merit House in 2015 and the former head office building, Southon House, was vacated. Southon House is held as an investment property and separately disclosed on the balance sheet of the Company.

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.

5. Intangible assets

	Energy Supply Contract £'000	IT Software & Web Development £'000	Total £'000
Cost			
At 31 March 2023	224,563	43,224	267,787
Additions	-	5,968	5,968
At 30 September 2023	224,563	49,192	273,755
Amortisation			
At 31 March 2023	(104,795)	(20,501)	(125,296)
Charge for the period	(5,614)	(3,504)	(9,118)
At 30 September 2023	(110,409)	(24,005)	(134,414)
Net book amounts			
At 30 September 2023 (unaudited)	**114,154**	**25,187**	**139,341**
At 31 March 2023 (audited)	119,768	22,723	142,491
At 30 September 2022 (unaudited)	125,382	21,924	147,306

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

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

6. Interest bearing loans and borrowings

	6 months ended 30 September 2023 (unaudited) £'000	6 months ended 30 September 2022 (unaudited) £'000	Year ended 31 March 2023 (audited) £'000
Bank loans	120,000	100,000	90,000
Unamortised loan arrangement fees	(509)	(487)	(279)
	119,491	99,513	89,721
Due within one year	-	-	-
Due after one year	120,000	100,000	90,000
	120,000	100,000	90,000

7. Dividends

	6 months ended 30 September 2023 (unaudited) £'000	6 months ended 30 September 2022 (unaudited) £'000	Year ended 31 March 2023 (audited) £'000
Final dividend for the year ended 31 March 2023 of 46p per share	36,445	-	-
Final dividend for the year ended 31 March 2022 of 30p per share	-	23,689	23,689
Interim dividend for the year ended 31 March 2023 of 34p per share (2022: 27p)	-	-	26,912

An interim dividend of 36.0p per share will be paid on 15 December 2023 to shareholders on the register at close of business on 1 December 2023. The estimated amount of this dividend to be paid is approximately £28.5m and, in accordance with IFRS accounting requirements, has not been recognised in these accounts.

8. Share capital

During the period the Company issued 54,094 new ordinary shares to satisfy the exercise of employee and distributor share options.

9. Earnings per share

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

	6 months ended 30 September 2023 (unaudited) £'000	6 months ended 30 September 2022 (unaudited) £'000	Year ended 31 March 2023 (audited) £'000
Earnings for the purpose of basic and diluted EPS	23,367	24,098	68,426
Share incentive scheme charges (net of tax)	1,797	616	2,346
Amortisation of energy supply contract intangible assets	5,614	5,614	11,228
Profit on disposal of subsidiaries	-	(3,595)	(3,595)
Earnings for the purpose of adjusted basic and diluted EPS	30,778	26,733	78,405
	Number ('000s)	**Number ('000s)**	**Number ('000s)**
Weighted average number of ordinary shares for the purpose of basic EPS	79,229	78,940	79,049
Effect of dilutive potential ordinary shares (share incentive awards)	1,045	1,261	1,220
Weighted average number of ordinary shares for the purpose of diluted EPS	80,274	80,201	80,269
Adjusted basic EPS[1]	38.8p	33.9p	99.2p
Basic EPS	29.5p	30.5p	86.6p
Adjusted diluted EPS[1]	38.3p	33.3p	97.7p
Diluted EPS	29.1p	30.0p	85.2p

[1] In order to provide a clearer understanding of the underlying trading performance of the Group, adjusted basic EPS excludes: (i) share incentive scheme charges; and (ii) the amortisation of intangible assets arising on entering into the energy supply arrangements with E.ON (formerly npower) in December 2013. The amortisation of intangible assets and share incentive scheme charges have been excluded on the basis that they represent non-cash accounting charges. These balances can be derived directly from amounts shown separately on the face of the condensed consolidated interim statement of comprehensive income.