2016 INTERIM RESULTS

Results for the six months to
30 June 2016

yü

GROUP PLC

20 September 2016

GROUP PLC

Yü Group PLC

(the "Group")

Results for the six months to 30 June 2016

Yü Group PLC, the independent supplier of gas and electricity to the UK corporate sector, announces its maiden results for the six months to 30 June 2016.

Financial Highlights:

- Revenue increased to £5.1 million (H1 2015: £1.3 million)
    - Gas revenues of £1.5 million
    - Electricity revenues of £3.6 million
- Gross margin increased to 21.0 per cent (14 months to December 2015: 19.3 per cent)
- Loss before tax, IPO costs and Share Based Payments at £284,000
- Interim dividend of 0.75 pence per share and adoption of progressive dividend policy
- Increase in contracted future revenue adding to the Group's high levels of visibility:
    - Contracted revenue for the whole year to 31 December 2016 currently stands at £15.1 million
    - Contracted revenue for the subsequent year to 31 December 2017 already stands at £14.3 million

Operational Highlights:

- Successful admission to listing on AIM on 17 March 2016 raising £7.5 million principally to support the Group's stated hedging policy
- Exit from Controlled Market Entry for half hourly meters achieved during the period, enabling the Group to supply high-usage electricity customers
- Increased investment in sales channels and staff to support scaling of the business with head count increasing to 67 staff and further recruitment planned
- Renewal rate continues to be in excess of 80 per cent

Bobby Kalar, the Group Chief Executive Officer, said:

"I am pleased to report that momentum has continued to grow through the first half of the year, primarily driven by the exit from Controlled Market Entry and investment in sales and marketing post our IPO. The pipeline of contracted sales is growing faster than we had anticipated and we continue to focus upon protecting margin and keeping costs under control so that the Group can deliver a strong return and healthy cash generation.

“We were delighted with the response to our IPO in March and it is particularly pleasing to reward our new shareholders with a maiden dividend alongside the adoption of a progressive dividend policy, which underlines the cash generative nature of the business and our confidence going forward. We are pleased to be in a position where we will achieve profitability earlier than forecast, by the end of December 2016 and with the continuing growth of contracted revenues providing a strong platform for 2017.”

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Notes to Editors

Information on the Group

Yü Group is an independent supplier of gas and electricity focused on servicing larger corporate and SME businesses throughout the UK. It has no involvement in the domestic retail market. The Group was founded by Bobby Kalar and is listed on the AIM market of the London Stock Exchange following a successful IPO in March 2016.

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Interim Review

The Board of Yü Group PLC announces the results for the six months ended 30 June 2016.

Operational Review

The Board is pleased to report that the momentum in the business increased further in the first half of the year and that the Group has performed well against the objectives set out at the time of its IPO in March. The proceeds of the placing, which raised £7.5 million, have supported the Group's hedging policy with letters of credit lodged with trading counterparties in the wholesale energy market. This has provided the Group with additional financial flexibility allowing cash generated from operations to be invested in sales and support staff which has a rapid cash pay back in terms of increased growth. Employee numbers have risen from 32 at this time last year to 67 today. Further recruitment is expected in the second half of the year as we continue to take advantage of the market opportunity.

Annualised bookings each month have risen from an average of £824,000 in the 14 months to December 2015 to just over £3 million per month in the first six months of this year, with sales split evenly between the three outbound sales channels (direct, corporate and broker) together with a growing contribution from renewals. Although these sales contracts have a wide variety of supply start dates, the quantum of the bookings provides considerable comfort regarding future periods. Customer numbers have increased substantially and following the Group's exit from Controlled Market Entry in relation to the high usage Half Hourly meters in April 2016, the sales team has increased its focus on larger corporates with additional sales staff recruited in this regard. As a result the average revenue per customer has also risen.

The Group continues to meet its stated hedging policy in terms of its commodity energy market operations with letters of credit being put in place, supported by the Group's cash reserves, such that the forward sales of the Group are, as far as possible, backed by forward purchases in the gas and electricity markets. Market and Strategy

The Board's intention is to establish the Group as a leading energy supplier to the UK business market, servicing SMEs and larger corporates across a range of sectors. The Company has no intention to enter the consumer market.

The SME commercial market landscape is vast and ripe for disruption. Approximately 90 per cent of SMEs are customers of the "big six" energy suppliers, of which circa 40 per cent (equating to approximately two million accounts) have not considered changing supplier in the past five years. The Board believes there is a substantial commercial opportunity to grow across its target markets through the provision of better pricing but crucially also through the provision of excellent customer service, which is reflected in the Group's high customer retention levels. The Group's rapidly growing customer base underpins the Board's confidence in this growth strategy.

The Board believes the regulatory and industry barriers to entry remain significant. The hurdles faced by new entrants launching a gas and electricity service include meter and data management, payment services, compliance and credit checks, and risk management among other operational challenges. As a result, there are currently few independent energy suppliers to the SME sector who are operating outside Controlled Market Entry restrictions. Yü Group has successfully navigated these hurdles, receiving full regulatory approval over a two year process, and now has in place the infrastructure and platform for rapid growth. Longer term, there is an opportunity to expand the business into adjacent utility markets, such as water which is due to be deregulated in England in 2017.

Financial Review

As anticipated at the time of the Group's IPO in March, there has been a four-fold increase in revenues to £5.1 million, as a result of the development of new sales channels following the exit from all Controlled Market Entry regulations in respect of Half Hourly meters in April 2016.

The contracted revenue for 2016 has grown rapidly, increasing since our trading statement in July 2016 from £13.4 million to £15.1 million. This compares with £8.4 million at the beginning of the year. For the subsequent year to December 2017, the Group already has contracted revenues totalling £14.3 million, thus providing considerable comfort that the rapid growth that has been seen this year will continue.

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The Group has improved its margins in the first half of the year when compared with the previous reporting period, although it is not anticipated that this level of profitability will be maintained as the Group trades through the summer months, traditionally a lower margin period. Additionally, margins were enhanced to some extent in the first quarter of the year due to the Group not being as highly hedged prior to IPO. On receipt of the placing proceeds in March collateral was put in place to support the required letters of credit. Overall, it is expected that the margins for the year will be similar to or slightly better than prior years.

Administrative expenses have been carefully controlled with investment being made into the sales and support functions so that the Group can build its customer base and deliver the service that is so important for continuing sales growth and customer retention. Customer renewal rates were maintained above 80 per cent as the Company focuses on developing a blue chip client base, reflecting our focus upon customer service and building upon the subscription model which helps to underpin the Board's confidence in future growth.

The underlying trading loss of for the period under review was £284,000. The Board now anticipates that profitability will be delivered in the current year. Loss per share was 2.0 pence (before non-recurring costs relating to the IPO).

At the time of the Group's IPO, it was anticipated that some of the £7.5 million raised from the issue of new shares would be used to pay the costs of admission to AIM and some would be allocated to repay the initial loan to companies connected to the founder of the business, Bobby Kalar. As a result, the net funds raised were £6 million. As intended these funds have been used as collateral to support the Group's hedging activities in the wholesale energy market. This ensures that the Group continues to trade in line with its hedging policy by using both letters of credit with trading counter parties and in one case, pending an appropriate letter of credit being put in place, a cash prepayment. Net cash balances amounted to £6.0 million as at 30 June 2016, despite investing heavily in more sales and support staff.

Dividend

The Board's strategy is to focus on the growth of the Group's business. As stated in the Company's Admission Document in March 2016, the Board stated its intention to pay a maiden dividend in respect of the financial year ending 31 December 2016 and to adopt a progressive dividend policy thereafter. Due to the cash generating capabilities of the business it is now intended to pay a maiden interim dividend of 0.75 pence per share. The exdividend date is 24 November 2016 with a record date of 25 November 2016. The dividend will be paid to shareholders on 5 January 2016.

Outlook

With rapid sales growth being delivered each month, margins and costs being kept under tight control and a subscription model that generates cash, the Board looks forward to the future with confidence. It is now anticipated that profitability will be delivered in the current year with the expected growth for FY2017 underpinned by a strong and growing contracted revenue base.

Bobby Kalar	**Nick Parker**
CEO	**CFO**
20 September 2016	**20 September 2016**

Unaudited consolidated interim statement of comprehensive income

	Note	**6 months ended 30 June 2016 £000**	6 months ended 30 June 2015 £000	14 months ended 31 December 2015 £000
Revenue		**5,089**	1,285	3,880
Cost of sales		**(4,020)**	(1,009)	(3,132)
Gross profit		**1,069**	276	748
Operating costs		**(1,377)**	(561)	(1,768)
Other operating income		**24**	-	-
Profit from operating activities before share-based payment charges and exceptional items		**(284)**	(285)	(1,020)
Share-based payment charges	*6*	**(665)**	-	-
Exceptional items	*3*	**(380)**	-	-
Operating loss		**(1,329)**	(285)	(1,020)
Loss before tax		**(1,329)**	(285)	(1,020)
Taxation	*5*	**113**	57	204
Loss for the period		**(1,216)**	(228)	(816)
Loss per share attributable to equity shareholders for the Company				
Basic and diluted loss per share	*4*	**(9.9)p**	(2.3)p	(8.2)p
Basic and diluted adjusted loss per share		**(2.0)p**	(2.3)p	(8.2)p

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Unaudited consolidated interim statement of financial position

	30 June 2016 £000	30 June 2015 £000	31 December 2015 £000
Non-current assets			
Property, plant and equipment	**182**	171	155
Intangible assets	**58**	60	59
Deferred tax assets	**317**	57	204
	557	228	418
Current assets			
Trade and other receivables	**672**	737	1,063
Cash and cash equivalents	**5,959**	123	47
	6,631	860	1,110
Total assets	**7,188**	1,148	1,528
Current liabilities			
Trade and other payables	**(2,295)**	(1,621)	(2,514)
Total liabilities	**(2,295)**	(1,621)	(2,514)
Net assets/(liabilities)	**4,893**	(473)	(986)
Equity			
Share capital	**70**	50	50
Share premium	**-**	-	-
Merger reserve	**(50)**	(50)	(50)
Retained earnings	**4,873**	(473)	(986)
Total equity	**4,893**	(473)	(986)

Unaudited consolidated interim statement of cash flow

	6 months ended 30 June 2016 £000	6 months ended 30 June 2015 £000	6 months ended 31 December 2015 £000
Cash flows from operating activities			
Loss for the period	**(1,216)**	(228)	(816)
Adjustments for:			
Depreciation and amortisation	**49**	33	82
Taxation	**(113)**	(57)	(204)
	(1,280)	(252)	(938)
Decrease/(increase) in trade and other receivables	**391**	(638)	(920)
Increase in trade and other payables	**8**	1,119	2,018
Share based payments charge	**665**	-	-
Net cash from operating activities	**(216)**	229	160
Cash flows from investing activities			
Acquisition of intangible assets	**-**	-	(20)
Acquisition of property, plant and equipment	**(75)**	(37)	(130)
Net cash from investing activities	**(75)**	(37)	(150)
Cash flows from financing activities			
Net proceeds from IPO	**6,430**	-	-
Proceeds from connecting party loan	**-**	-	82
Repayment of connected party loan	**(227)**	(175)	(79)
Net cash from financing activities	**6,203**	(175)	3
Net increase in cash and cash equivalents	**5,912**	17	13
Cash and cash equivalents at beginning of period	**47**	106	34
Cash and cash equivalents at end of period	**5,959**	123	47

Unaudited consolidated interim statement of changes in equity

	6 months ended 30 June 2016 £000	6 months ended 30 June 2015 £000	6 months ended 31 December 2015 £000
Share capital			
Opening	**50**	50	50
Issue of shares	**20**	-	-
	70	50	50
Share premium			
Opening	**-**	-	-
Issue of shares	**7,480**	-	-
Share issue costs	**(1,070)**	-	-
Capital restructuring	**(6,410)**	-	-
	-	-	-
Merger reserve			
Opening	**(50)**	(50)	(50)
Issue of shares	**-**	-	-
	(50)	(50)	(50)
Retained earnings			
Opening	**(986)**	(245)	(170)
Share based payment charge	**665**	-	-
Loss for the period	**(1,216)**	(228	(816)
Capital restructuring	**6,410**	-	-
	4,873	(473)	(986)
Total equity	**4,893**	(473)	(986)

Following approval by shareholders on 26 May 2016 and by the High Court on 22 June 2016, the share premium account was cancelled.

Notes to the Interim Financial information

General information

The principal activity of the Group is the supply of energy to small and medium enterprises ("SMEs") in the UK. The Company and all subsidiaries comprising the Group are incorporated and domiciled in the United Kingdom. The registered office is: CPK House, Mellors Way, 2 Horizon Place, Nottingham Business Park, Nottingham, NG8 6PY. The registered number of the Company is 10004236.

1. Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2016 has been prepared in accordance with the presentation, recognition and measurement requirements of applicable International Financial Reporting Standards adopted by the European Union ('IFRS') except that the Group has not applied IAS 34, Interim Financial Reporting, which is not mandatory for UK Groups listed on AIM, in the preparation of the condensed consolidated interim financial information.

The financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the 'Historical Financial Information' section of the Admission Document which is available on the Group's investor website.

The accounting policies used in the preparation of condensed consolidated interim financial information for the six months ended 30 June 2015 are in accordance with the presentation, recognition and measurement criteria of IFRS and are consistent with those which are expected to be adopted in the annual statutory financial statements for the year ending 31 December 2016.

There are no new IFRSs and Interpretations that have been endorsed by the EU that will apply for the first time in the period to 30 June 2016.

The Group's Admission Document provides full details of significant judgements and estimates used in the application of the Group's accounting policies. There have been no significant changes to these judgements and estimates during the period.

The financial information included in this document is unaudited and does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The comparative figures for the financial period ended 31 December 2015 are based on the financial information prepared for the purposes of the Admission Document in accordance with the requirements of the Listing Rules and the Prospectus Directive Regulation.

Consolidation

The results of the Company and all of its subsidiary undertakings are consolidated using the uniting of interests method of accounting for those business combinations. The investment is recorded in the Company's balance sheet based on the book value of the net assets recorded in the subsidiaries' consolidated balance sheets.

Since the group had negative net assets, the cost of investment was recorded as £nil. Merged subsidiary undertakings are treated as if they had always been a member of the Group. The corresponding figures for the previous period include its results for that period, the assets and liabilities at the previous balance sheet date and the shares issued by the Company as consideration as if they had always been in issue. Any difference between the nominal value of the shares acquired by the Company and those issued by the Company to acquire them is taken to reserves.

2. Going concern

Post-IPO the Group has significant financial resources. The business continues to trade well and Management considers it to be well positioned for future growth. The Group operates a rolling monthly reforecast providing trading and financial visibility to the financial year end.

Accordingly, and further to due consideration of all financial and commercial information available, the Directors have concluded that the Group has adequate resources to continue to trade for the foreseeable future and it is therefore appropriate to continue to adopt the going concern basis of accounting in the preparation of these consolidated interim financial statements.

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3. Exceptional items

Exceptional items in the six months ended 30 June 2016 all relate to professional fees incurred in relation to the Group's admission to the Alternative Investment Market ("AIM") on 17 March 2016.

4. Earnings per share

Basic earnings per share is calculated by dividing the net loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted loss per share is calculated by dividing the net loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of dilutive potential ordinary shares into ordinary shares.

In order to demonstrate better the performance of the Company, adjusted earnings per share calculations have also been presented which take into account items typically adjusted for by users of financial statements. The adjusted earnings and earnings per share information are shown below.

	6 months ended 30 June 2016	6 months ended 30 June 2015	6 months ended 31 December 2015
Loss attributable to equity shareholders of the parent (£'000)	**(1,216)**	(228)	(816)
Adjustments:			
Share-based payment charges	**665**	-	-
Exceptional items	**380**	-	-
Deferred tax	**(76)**	-	-
Adjusted earnings	**(247)**	(228)	(816)
Basic weighted average number of shares	**12,338,878**	10,000,000	10,000,000
Dilutive potential ordinary shares	**766,638**	-	-
Diluted weighted average number of shares	**13,105,516**	10,000,000	10,000,000
Basic loss per share	**(9.9)p**	(2.3)p	(8.2)p
Diluted loss per share	**(9.9)p**	(2.3)p	(8.2)p
Basic adjusted loss per share	**(2.0)p**	(2.3)p	(8.2)p
Diluted adjusted loss per share	**(2.0)p**	(2.3)p	(8.2)p

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5. Taxation

No current tax charge is recognised for the period on the basis the Company generated a loss before tax of £1,329,000.

The deferred tax asset has been increased to £317,000 due to tax losses being recognised.

The deferred tax asset has been recognised based on a rate of 18.8%.

6. Share based payments

The Group operates a share option plans for qualifying employees of the Group. Options in the plans are settled in equity in the Company and are subject to vesting conditions. On 17 March 2016 on Admission of the Company to AIM an initial award of a total of 1,094,500 shares was made to nine key employees. These shares have an exercise price equal to the value of the shares at the date of the grant and, subject to certain conditions, will be capable of exercise from either the second or the third anniversary of the date of grant (17 February 2018 or 17 February 2019).

The Group operates a bonus plan for all qualifying employees of the Group. The plan is settled in cash and is subject to certain financial targets for the next three financial years. On meeting these financial targets each financial year, 50,000 notional shares are awarded to the group bonus pool. At the end of the third financial year (31 December 2018) the value of the pool will be based on the share price of the Group one week after the announcement of the results for the year ended 31 December 2018, and will be distributed to all qualifying employees.

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