

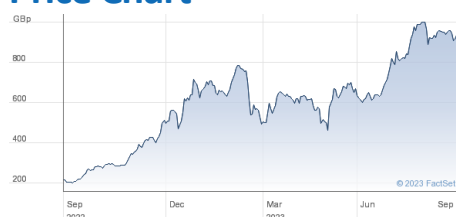
## Yü Group Plc

26 September 2023

### Stock Data

|                |                |
|----------------|----------------|
| Ticker (AIM)   | YU. LN         |
| Share Price    | 950p           |
| Market Cap     | £159.4M        |
| Yr High/Yr Low | 1020/192p      |
| Target Price   | 1430p fr/1300p |
| Rating         | Strong Buy     |

### Price Chart



SOURCE: hl.co.uk

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## H1 2023: Revised EBITDA Target of £33m+

Yü Group Plc (YU. LN) listed on the AIM Exchange in London is a multi-utility provider to SMEs, as well as larger corporates across the UK. As a direct supplier of electricity, gas, water, and other solutions such as EV charge points, smart meter installations and green energy solutions, Yü Group (YUG) provides a simple approach to energy management, offering competitive fixed price, bundled utility plans. The certainty of utility costs supported by a strong commitment to customer service and product innovation is solidifying YUG as a trusted supplier in the £50b+ UK B2B utility market.

### Key Performance Indicators:

- **Average Monthly New Bookings** increased to £51.3m for H123, compared to £14.3m in H122. This is double the full year average for 2022 of £24.5m.
- **Net Customer Contribution (NCC)** for H123 was 13.1%, nearly double H122 at 6.7% and 37% better than full year 2022 at 8.2%.
- **General overheads** for H123 were 6% of revenue, 1.4% higher than H122 and 0.7% higher than 2022.
- **Contracted Revenue** as at August 31, 2023 for delivery in 2024E stood at £358m, 45% higher than contracted revenue for 2023E at 31 Dec 2022. For 2025E contracted revenue has already reached £145m.
- **Meter Points** are up 52% y/y to 39,700, from 26,100 in H122.

### H123 Financial Results:

- **Revenue:** H123 revenue was £194.9m, up 51% over H122 revenue of £129.2m.
- **Gross margin:** With optimised pricing systems, focus on customer service and vertical integration with Yü Smart, record gross margins were 17.2% in H123, 3.1% higher than H122.
- **Bad Debt** has reduced to 4.1% from 7.4% in H1 22. Cash collections in H123 were 98% of billed revenue.
- **Adj. EBITDA** for H123 was £13.7m, compared to £2.7m in H122 and £7.9m for 2022. This reflects a 7% EBITDA margin, 2% higher than the 5% target previously set by management.
- **Net Cash** at the end of H123 was £36.6m, with no debt.
- **Dividend:** The Board declared a dividend of 3p/share providing a total payment to shareholders of £0.5m

**2023E Increasing Forecasts Again:** We have revised our forecasts upward with revenue of £424.4m from £405.4. This results in positive adjusted EBITDA of £33.3m from £18.8m. Net customer contribution increases to 14.1% from 10.85%, with bad debt of 3.5% (from 4.9%) and gross margin of 17.5% (from 15.75%). Net profit before tax for the year is £28.2m (from £13.7m). This supports year end cash balances of ~£55m. Revisions for 2024E and 2025E flowed through with revenue increased to £569.2m and £629.9m (from £485.7 and £532.3m respectively) and Adj. EBITDA increased to £34.4m and £36.9m (from £24.3m and £26.9m respectively).

**Outlook:** YUG is continuing to report outstanding results, with better-than-expected H123 performance. Overall, the Group is stronger than ever with a stable balance sheet and disciplined approach to governance. YUG is well positioned to increase its current 1.2% market share in a business market with nearly 3.3m meter points.

## Bigger, Better, Faster, Stronger

As reported in the excellent H1 2023 financial results, YUG has delivered on its growth targets as it continues to scale the overall business. The Group's KPIs continue to perform ahead of expectations and cash balances are strong and growing. The addition of the Yü Smart business, combined with the Digital by Default strategy, not only supports strong organic growth, but also serves to ensure margins remain solid and customer collections remain strong. With a revised management target for Adj. EBITDA of £33m for the year compared to our previous forecast of £18.8m, we are again raising our forecasts for 2023E, 2024E and 2025E.

- **Revenue:** 2023E increased to £424.4m from £405.4m (+4.7%). Increases were made to 2024E and 2025E revenue to £569.2m and £629.9m from £485.7 and £532.3m respectively.
- **Gross margin** in 2023E was increased to 17.5% following the stellar margin performance in H123 of 17.2%. While we expect strong margins to continue in 2024E and 2025E, we are somewhat more cautious with revised margin forecasts of 16% in each year (from 15.85% and 15.9% respectively).
- **Adjusted EBITDA** for 2023E has been increased to £33.3m from £18.8m (+77%). This has been driven by much lower bad debt and higher net customer contribution than originally expected. We now expect bad debt to drop to about 3.5% from a previous 4.9% forecast. This translates to a NCC of 14.1%, up from 10.85%. Similarly, for 2024E and 2025E we expect bad debt closer to 4%, from 5% and net customer contribution to be around 12% in both years.

Management has previously indicated that the Adj. EBITDA margin is expected to be about 5%. After H1 2023 results with Adj. EBITDA margin of 7%, this target is now subject to revision. For 2023E our EBITDA estimate translates to a margin of 7.85%. However, in 2024E and 2025E we forecast Adj. EBITDA margins at closer to 6%.

- **Cash:** 2023E forecast of £54.7m, increasing to £86.2m in 2024E, and £107m in 2025E.
- **Debt facility:** We have included a drawdown of £2m from the recently arranged debt facility under the Yü Smart division.

**TABLE 1: Increasing 2023E Forecasts Again**

| Income Statement<br>YE Dec (£000s)           | 2023E              |                    |                    | 2024E              |                    |                    | 2025E         |              |              |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------|--------------|--------------|
|  | 2023E              | 2024E              | 2025E              | 2023E              | 2024E              | 2025E              | 2023E         | 2024E        | 2025E        |
| Revenue                                      | 424,433.38         | 569,064.84         | 629,949.00         | 405,351.39         | 485,689.23         | 532,264.59         | 4.7%          | 17.2%        | 18.4%        |
| Cost of sales                                | (349,987.76)       | (477,764.08)       | (529,157.16)       | (341,508.55)       | (408,707.49)       | (447,634.52)       | 2.5%          | 16.9%        | 18.2%        |
| <b>Gross Profit</b>                          | <b>74,445.61</b>   | <b>91,300.76</b>   | <b>100,791.84</b>  | <b>63,842.84</b>   | <b>76,981.74</b>   | <b>84,630.07</b>   | <b>16.6%</b>  | <b>18.6%</b> | <b>19.1%</b> |
|  | 17.54%             | 16.04%             | 16.00%             | 15.75%             | 15.85%             | 15.90%             |               |              |              |
| <b>Total operating costs</b>                 | <b>(46,295.06)</b> | <b>(58,052.09)</b> | <b>(65,029.99)</b> | <b>(50,214.41)</b> | <b>(53,884.58)</b> | <b>(58,889.72)</b> | <b>-7.8%</b>  | <b>7.7%</b>  | <b>10.4%</b> |
| Bad debt                                     | (14,642.95)        | (22,478.06)        | (25,197.96)        | (19,862.22)        | (23,798.77)        | (26,080.96)        | -26.3%        | -5.5%        | -3.4%        |
| general overhead                             | (26,208.76)        | (34,143.89)        | (38,426.89)        | (24,908.84)        | (28,655.66)        | (31,403.61)        | 5.2%          | 19.2%        | 22.4%        |
| Gross operating costs                        | 8.04%              | 10.16%             | 10.28%             | 9.38%              | 11.04%             | 11.02%             | -14.3%        | -8.0%        | -6.7%        |
| Bad debt (%)                                 | 3.5%               | 3.95%              | 4.00%              | 4.90%              | 4.90%              | 4.90%              | -29.6%        | -19.4%       | -18.4%       |
| General overhead                             | 6.2%               | 6.0%               | 6.1%               | 6.15%              | 5.90%              | 5.90%              | 0.5%          | 1.7%         | 3.4%         |
| GM-bad debt                                  | 59,802.66          | 68,822.70          | 75,593.88          | 43,980.63          | 53,182.97          | 58,549.10          | 36.0%         | 29.4%        | 29.1%        |
| NCC  | 14.09%             | 12.09%             | 12.00%             | 10.85%             | 10.95%             | 11.00%             | 29.9%         | 10.4%        | 9.1%         |
| <b>Profit/(Loss) from operations</b>         | <b>28,150.56</b>   | <b>33,248.67</b>   | <b>35,761.85</b>   | <b>13,628.44</b>   | <b>23,097.16</b>   | <b>25,740.35</b>   | <b>106.6%</b> | <b>44.0%</b> | <b>38.9%</b> |
| Unrealised loss on derivative contracts      | 3,500.00           | -                  | -                  | 3,500.00           | -                  | -                  |               |              |              |
| Equity-settled share based payment charge    | -                  | -                  | -                  | -                  | -                  | -                  |               |              |              |
| Depreciation of property plant and equipment | 1,146.14           | 676.14             | 651.14             | 1,146.14           | 676.14             | 651.14             |               |              |              |
| Amortisation of intangibles                  | 504.00             | 504.00             | 504.00             | 504.00             | 504.00             | 504.00             |               |              |              |
| <b>Adjusted EBITDA</b>                       | <b>33,300.70</b>   | <b>34,428.81</b>   | <b>36,916.99</b>   | <b>18,778.58</b>   | <b>24,277.31</b>   | <b>26,895.49</b>   | <b>77.3%</b>  | <b>41.8%</b> | <b>37.3%</b> |
|  | 7.85%              | 6.05%              | 5.86%              | 0.05               | 0.05               | 0.05               |               |              |              |
| Finance Income                               | 192.18             | 294.30             | 363.73             | 192.18             | 294.30             | 363.73             |               |              |              |
| Finance costs                                | (122.89)           | (242.88)           | (352.66)           | (104.18)           | (176.58)           | (250.40)           |               |              |              |
| <b>Profit/(Loss) before tax</b>              | <b>28,219.86</b>   | <b>33,300.09</b>   | <b>35,772.92</b>   | <b>13,716.44</b>   | <b>23,214.88</b>   | <b>25,853.69</b>   | <b>105.7%</b> | <b>43.4%</b> | <b>38.4%</b> |
| Taxation                                     | (6,490.57)         | (8,325.02)         | (8,943.23)         | (3,154.78)         | (5,803.72)         | (6,463.42)         |               |              |              |
| <b>Profit/(Loss) after tax</b>               | <b>21,729.29</b>   | <b>24,975.07</b>   | <b>26,829.69</b>   | <b>10,561.66</b>   | <b>17,411.16</b>   | <b>19,390.27</b>   | <b>105.7%</b> | <b>43.4%</b> | <b>38.4%</b> |
| <b>Earnings/(Loss) per share (GBP)</b>       |                    |                    |                    |                    |                    |                    |               |              |              |
| Basic  | 1.29               | 1.47               | 1.55               | 0.63               | 1.02               | 1.12               | 105.7%        | 43.4%        | 38.4%        |
| Adjusted Basic                               | 1.45               | 1.47               | 1.55               | 0.79               | 1.02               | 1.12               | 84.2%         | 43.4%        | 38.4%        |
| Diluted                                      | 1.17               | 1.33               | 1.41               | 0.57               | 0.93               | 1.02               | 105.7%        | 43.4%        | 38.4%        |

SOURCE: SP Angel forecasts and company notes

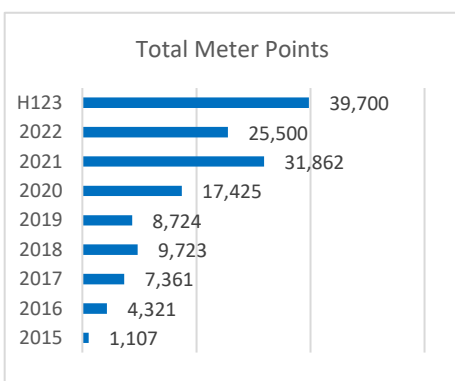
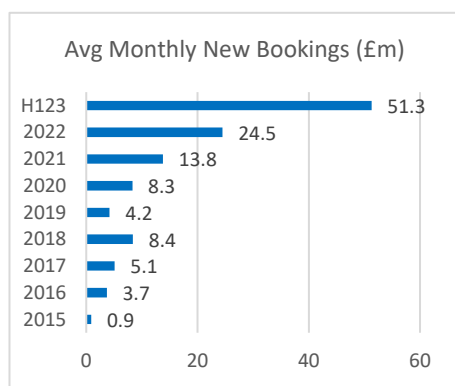
## Outlook

Another record setting performance by the Group has been reported in H1 2023. Organic growth remains strong with optimised pricing and hedging strategies and superior customer service. The Digital by Default strategy combined with the start of the Yü Smart division is supporting improved profitability and strong cash generation. The strength of the YUG business model has been demonstrated through the challenges of the last few years and continues to drive outperformance in these somewhat less competitive but still demanding markets. The barriers to entry remain high with increased regulatory standards for all operators to ensure consumer safety in energy supply across the UK. Overall, the Group is stronger than ever with a stable balance sheet and disciplined approach to governance. YUG is well positioned to increase its current 1.2% market share in a business market with nearly 3.3m meter points.

As we increase our forecasts again for 2023E, our DCF based valuation (10.7% WACC; 4.5% TG) increases to an expected share price of at least 1,430p from a previous baseline of 1,300p. We expect the Group to continue to build its market share in the coming months both in terms of meter points and in the Yü Smart division with increased smart meters placed in homes, taking advantage of the lower year over year commodity price market to bring customers onto longer-term contracts. Management and the Board continues to keep its eye out for any acquisition targets that may present value-add opportunities to the business to augment organic growth.

## Key Performance Indicators – Track record of Out-performance

While there are a number of operating metrics and procedural controls that are regularly tracked and monitored in order to drive profitability of the business, the key performance indicators that have been identified include the following:



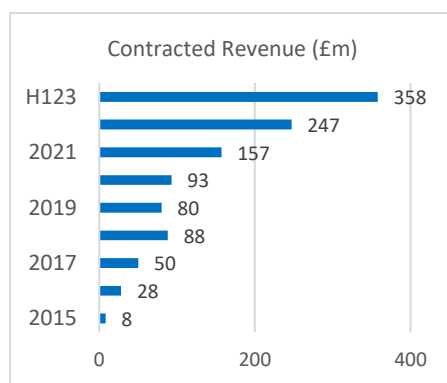
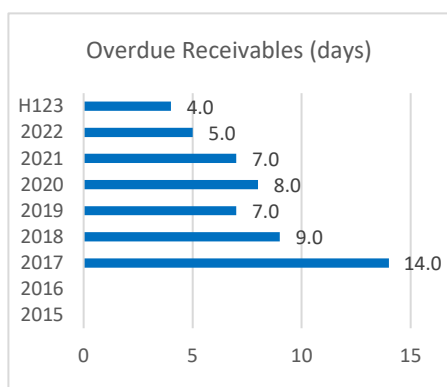
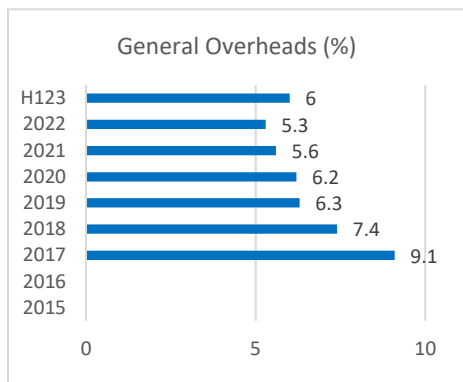
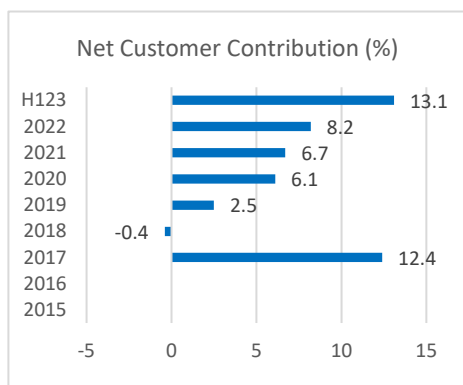
- **Average Monthly New Bookings** – *This is the annualised value of contracts secured during a period.*

The monthly average bookings during H123 reached £51.3m, +259% over H1 2022 monthly average bookings of £14.3m, and +209% over average monthly bookings for 2022.

The momentum is expected to continue through the balance of the year, as customers are locking-in longer term supply contracts at what are now, reduced commodity prices. The Group's continued focused on developing its digital platform to support efficiency in quoting, onboarding and supplying to business customers seeking greater control from a more self-service platform, is also driving growth in new digital sales channels.

- **Total Meter Points:** Rather than tracking customer numbers, YUG tracks total meter points, as one customer can have multiple meters (multiple locations/multiple utility services) and each meter can have different volume demands/loads. Not all meter connections are the same.

At the end of H1 2023 there were 39,700-meter points, +52% y/y and +56% over the 25,500 meters installed at year-end 2022. With roughly 3.5m meter points for gas and electricity across the UK business market, there clearly remains significant opportunity for market share capture, even with such extreme volatility in current prices.



- **Net Customer Contribution (NCC):** *This KPI measures the profit contribution from customer contracts in terms of gross margin, less bad debt and expected credit losses charged in overhead expenses.*

NCC for H123 was 13.1%, up 6.4% from H122 at 6.7%, and up 4.9% from 2022 NCC of 8.2%. Enhancing the life cycle value of customers, improvements to the credit control cycle and the investments in sales and marketing drive improvements in NCC overall.

- **General Overheads (%):** *The percentage of revenue that is charged to adjusted EBITDA on a normalised, recurring basis is included in this metric. This excludes exceptional/one-time items, as well as non-cash items and any bad debt write-downs (which are included in NCC).*

General overheads for H123 were 6%, up from 2022 of 5.3% which management notes is due to investments made in Yü Smart and in sales and marketing to support future growth. This includes enhancements to the Group’s digital platform – creating growth in digital sales channels while sustaining high levels of customer service; driving cost efficiencies and reducing overheads; and using data analytics to identify opportunities for value creation.

- **Receivables:** *Overdue receivables from customers, net of provisions, beyond the standard one-month billing cycle is an indicator of risks to the income statement.*

A target of ten days, the industry benchmark, has been set as a maximum goal for overdue receivables. In H123 this KPI was reduced to 4 days, from 5 days at the end of 2022.

- **Contracted Revenue:** *This represents revenue that is expected to be generated from signed customer contracts over the next financial year.*

As at August 31, 2023 the 2024E contracted revenue book stood at £358m, ~201% higher than it stood at the same time last year. This is still expected to increase for the year as new bookings are added monthly. Contracted revenue for 2025E so far stood at £145m.

## H1 2023 Financial Results

YUG is well positioned to execute its corporate strategy, despite increased volatility in commodity markets. The Group remains a key player in the B2B energy supply market, with an experienced team in place to successfully execute core strategies, driving growth for shareholders. YUG reported financials for the half-year ended 30 June 2023:

- **Revenue:** H123 revenue was £194.9m, up 51% over H122 revenue of £129.2m and stands at ~70% of full year 2022 revenue. With a decline in energy commodity market prices by about 75% y/y, many customers are moving to lock-in these lower rates under longer-term supply contracts to avoid commodity volatility in the short term.
- **Gross margin:** H123 gross margin was £33.6m or 17.2%, a significant improvement over H1 2022 of 14.1% and still higher than the 15.8% reported for the full year 2023. These higher sustained margins are driven by the Group's optimised pricing systems combined with efficient customer service and vertical integration with Yü Smart, alongside the robust hedging program. The Board continues to focus the Group's strategy on smaller and medium sized businesses which strategically provide a greater value opportunity, while diversifying exposure to bad debt.
- **General Overheads:** H123 general overheads were 6% of revenue, 1.4% higher than H122 of 4.6%. The additional costs are the result of investments made in getting Yü Smart up and running, as well as further investments in sales and marketing.
- **Bad Debts:** Bad debt has declined to 4.1% in the period, from 7.4% in H122 and from 7.5% at year-end 2022. This improvement reflects excellent customer collections which tracked at about 98% of billed value in H123. The use of Yü Smart in support of customer debt management services to improve customer outcomes should drive further improvement in NCC and bad debt in future.
- **Profit and EBITDA:** Adjusted EBITDA for H123 was £13.7m or a margin of 7%, well ahead of previous expectations and forecasts of 5% EBITDA margin. Net profits before tax were £8.9m, compared to net profits before tax in H122 of £5.5m. This includes a £4.2m loss in the hedge book position, from declining energy prices through the period. Note: the unrealised loss is the result of the decline in value of energy commodity prices during H123 against the original contract prices.
- **Cash and Equivalents:** Net cash at the end of H123 was £36.6m, with no debt. This compares to cash holdings at the end of 2022 of £19m. This includes the repayment of Ofgem's ROC liability of £15.2m that was paid on 31 August 2023, and £16.5m of prepaid energy commodity costs. The Group's current cash position remains robust, and management have noted it is above expectations.
- **Yü Smart division:** The launch of the Yü Smart Division has already started to demonstrate its benefit in improving debtor control and margins. There are already 4,000 smart meters installed so far, with plans to reach over 10,000 installed by year-end. These 10,000 smart meters would require a capex of about £2m but generate an income stream of around £0.4m/year for 15+ years. To facilitate this growth, the Group expects to close on a £5.2m debt facility in the short term. Roughly 48% of business-to-business meters remain to be conversion.
- **Dividend:** The Board declared a dividend of 3p/share providing a total payment to shareholders of £0.5m. The record date is 24 November 2023 with a payment date of 20 December 2023.

TABLE 2: H1 2023 Financial Results vs. Previously Revised Forecasts

| Income Statement<br>YE Dec (£000s)                      | H123               | H223               | 2023E              | 2024E              | 2025E              | H123 Forecasts     | % improvement/<br>decline from<br>forecast |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--|
|   |                    |                    |                    |                    |                    |                    |  |
| Revenue   | 194,899.00         | 210,452.39         | 405,351.39         | 485,689.23         | 532,264.59         | 195,123.71         | -0.1%                                      |
| Cost of sales   | (161,336.00)       | (180,172.55)       | (341,508.55)       | (408,707.49)       | (447,634.52)       | (164,391.73)       | -1.9%                                      |
| <b>Gross Profit</b>                                     | <b>33,563.00</b>   | <b>30,279.84</b>   | <b>63,842.84</b>   | <b>76,981.74</b>   | <b>84,630.07</b>   | <b>30,731.98</b>   | <b>9.2%</b>                                |
|   |                    |                    | 15.75%             | 15.85%             | 15.90%             |                    |  |
| <b>Total operating costs</b>                            | <b>(24,804.00)</b> | <b>(25,410.41)</b> | <b>(50,214.41)</b> | <b>(53,884.58)</b> | <b>(58,889.72)</b> | <b>(25,374.74)</b> | <b>-2.2%</b>                               |
| Bad debt  | (7,990.86)         | (11,871.36)        | (19,862.22)        | (23,798.77)        | (26,080.96)        | (9,561.06)         | -16.4%                                     |
| general overhead  | (11,693.94)        | (13,214.90)        | (24,908.84)        | (28,655.66)        | (31,403.61)        | (11,990.35)        | -2.5%                                      |
| Gross operating costs                                   | 9.38%              | 12.36%             | 9.38%              | 11.04%             | 11.02%             | 11.4%              | -17.6%                                     |
| Bad debt (%)  | 4.10%              | 5.64%              | 4.90%              | 4.90%              | 4.90%              | 4.9%               | -16.3%                                     |
| General overhead  | 6.0%               | 6.3%               | 6.1%               | 5.9%               | 5.9%               | 6.15%              | -2.4%                                      |
| GM-bad debt   | 25,572.14          | 18,408.48          | 43,980.63          | 53,182.97          | 58,549.10          | 21,170.92          | 20.8%                                      |
| NCC   | 13.12%             | 8.75%              | 10.85%             | 10.95%             | 11.00%             | 10.85%             | 20.9%                                      |
| <b>Profit/(Loss) from operations</b>                    | <b>8,759.00</b>    | <b>4,869.44</b>    | <b>13,628.44</b>   | <b>23,097.16</b>   | <b>25,740.35</b>   | <b>5,357.25</b>    | <b>63.5%</b>                               |
| Non-recurring operational costs                         | -                  | -                  | -                  | -                  | -                  | -                  | -  |
| Non-recurring mutualisation costs                       | -                  | -                  | -                  | -                  | -                  | -                  | -  |
| Impact of first-time adoption of IFRS 9                 | -                  | -                  | -                  | -                  | -                  | -                  | -  |
| Unrealised loss on derivative contracts                 | 4,221.00           | (721.00)           | 3,500.00           | -                  | -                  | 3,000.00           | -  |
| Equity-settled share based payment charge               | -                  | -                  | -                  | -                  | -                  | -                  | -  |
| Depreciation of property plant and equipment            | 395.00             | 751.14             | 1,146.14           | 676.14             | 651.14             | 496.32             | -  |
| Amortisation of intangibles                             | 339.00             | 165.00             | 504.00             | 504.00             | 504.00             | 202.00             | -  |
| <b>Adjusted EBITDA</b>                                  | <b>13,714.00</b>   | <b>5,064.58</b>    | <b>18,778.58</b>   | <b>24,277.31</b>   | <b>26,895.49</b>   | <b>9,055.57</b>    | <b>51.4%</b>                               |
|   |                    |                    | 4.63%              | 5.00%              | 5.05%              |                    |  |
| Finance Income  | 178.00             | 14.18              | 192.18             | 294.30             | 363.73             | 48.05              | -  |
| Finance costs   | (36.00)            | (68.18)            | (104.18)           | (176.58)           | (250.40)           | -                  | -  |
| <b>Profit/(Loss) before tax</b>                         | <b>8,901.00</b>    | <b>4,815.44</b>    | <b>13,716.44</b>   | <b>23,214.88</b>   | <b>25,853.69</b>   | <b>5,405.29</b>    | <b>64.7%</b>                               |
| Taxation  | (1,591.00)         | (1,563.78)         | (3,154.78)         | (5,803.72)         | (6,463.42)         | (1,243.22)         | -  |
| <b>Profit/(Loss) after tax</b>                          | <b>7,310.00</b>    | <b>3,251.66</b>    | <b>10,561.66</b>   | <b>17,411.16</b>   | <b>19,390.27</b>   | <b>4,162.08</b>    | <b>75.6%</b>                               |
| <b>Earnings/(Loss) per share (GBp)</b>                  |                    |                    |                    |                    |                    |                    |  |
| Basic   | 0.44               | 0.19               | 0.63               | 1.02               | 1.12               | 0.25               | 77.6%                                      |
| Adjusted Basic  | 0.64               | 0.16               | 0.79               | 1.02               | 1.12               | 0.38               | 67.2%                                      |
| Diluted   | 0.40               | 0.18               | 0.57               | 0.93               | 1.02               | 0.22               | 78.4%                                      |
| Weighted Average Shares                                 | 16,649.62          | 16,662.56          | 16,649.62          | 16,837.56          | 17,037.56          | 16,497.03          | -  |
| Effect of shares issued in the year                     | 12.94              | 175.00             | 187.94             | 200.00             | 250.00             | 175.00             | -  |
| <b>Ordinary shares for basic earnings calculation</b>   | <b>16,662.56</b>   | <b>16,837.56</b>   | <b>16,837.56</b>   | <b>17,037.56</b>   | <b>17,287.56</b>   | <b>16,847.03</b>   | <b>-</b>                                   |
| Dilutive effect of outstanding options                  | 1,615.19           | 1,723.00           | 1,722.63           | 1,722.63           | 1,722.63           | 1,723.00           | -  |
| <b>Ordinary shares for diluted earnings calculation</b> | <b>18,277.74</b>   | <b>18,560.56</b>   | <b>18,560.19</b>   | <b>18,760.19</b>   | <b>19,010.19</b>   | <b>18,570.03</b>   | <b>-</b>                                   |
| Dividend/share  | 0.03               | 0.03               | 0.06               | 0.06               | 0.06               | 0.03               | -  |

SOURCE: SP Angel forecasts and company notes



| <b>Current Forecasts</b>     |             |             |             |             |              |              |              |
|------------------------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|
| <b>Financials (£000)</b>     | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> | <b>2023E</b> | <b>2024E</b> | <b>2025E</b> |
| Revenue                      | 111,613.0   | 101,527.0   | 155,423.0   | 278,587.0   | 424,433.4    | 569,064.8    | 629,949.0    |
| Gross Margin (%)             | 4.9%        | 7.6%        | 9.8%        | 15.8%       | 17.5%        | 16.0%        | 16.0%        |
| Operating Income             | (5,898.0)   | (1,574.0)   | 3,488.0     | 5,930.0     | 28,150.6     | 33,248.7     | 35,761.8     |
| Operating Margin (%)         | -5.3%       | -1.6%       | 2.2%        | 2.1%        | 6.6%         | 5.8%         | 5.7%         |
| Adjusted EBITDA              | (4,242.0)   | (1,714.0)   | 1,724.0     | 7,909.0     | 33,300.7     | 34,428.8     | 36,917.0     |
| Net Income                   | (4,968.0)   | (1,165.0)   | 4,451.0     | 4,769.0     | 21,729.3     | 24,975.1     | 26,829.7     |
| Earnings per Share (£) basic | (0.305)     | (0.072)     | 0.273       | 0.289       | 1.291        | 1.466        | 1.552        |
| Adjusted Net Income          | (3,950.0)   | (1,725.0)   | 4,451.0     | 4,769.0     | 24,424.3     | 24,975.1     | 26,829.7     |
| Adj. EPS (£) diluted         | (0.29)      | (0.07)      | 0.26        | 0.26        | 1.17         | 1.33         | 1.41         |
| Diluted Shares (000s)        | 17,065.2    | 17,210.9    | 17,398.8    | 18,219.7    | 18,560.2     | 18,760.2     | 19,010.2     |
| Net Cash in/(Out)-flow       | (12,235.0)  | 9,363.0     | (4,691.0)   | 11,921.0    | 35,707.7     | 31,516.3     | 20,856.9     |
| Debt                         | -           | -           | -           | 121.0       | 242.0        | 363.0        | 2,179.0      |

| <b>Growth Rates (%)</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> | <b>2023E</b> | <b>2024E</b> | <b>2025E</b> |
|-------------------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|
| Revenue                 | 38.4%       | -9.0%       | 53.1%       | 79.2%       | 52.4%        | 34.1%        | 10.7%        |
| EBITDA                  | 32.5%       | 59.6%       | 200.6%      | 358.8%      | 321.0%       | 3.4%         | 7.2%         |
| Net Income              | 20.7%       | 76.5%       | 482.1%      | 7.1%        | 355.6%       | 14.9%        | 7.4%         |
| Adjusted Net Income     | 28.9%       | 56.3%       | 358.0%      | 7.1%        | 412.1%       | 2.3%         | 7.4%         |

| <b>Financial Health</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> | <b>2023E</b> | <b>2024E</b> | <b>2025E</b> |
|-------------------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|
| Working Capital (£000)  | 187.00      | (1,423.00)  | (2,253.00)  | 1,278.00    | 29,841.21    | 53,765.87    | 77,743.73    |
| Current Ratio           | (1.01)      | (1.0)       | (1.0)       | (1.0)       | (1.4)        | (1.5)        | (1.8)        |
| Long-term Debt (£m)     | -           | -           | -           | 121         | 242          | 363          | 2,179        |
| Total Equity (£m)       | 5.30        | 4.5         | 9.3         | 14.8        | 35.9         | 59.9         | 85.6         |
| LT Debt/Assets          | -           | -           | -           | 0.00        | 0.00         | 0.00         | 0.01         |
| LT Debt/Equity          | -           | -           | -           | (0.00)      | (0.00)       | (0.00)       | (0.01)       |

| <b>Financial Position (£000)</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> | <b>2023E</b> | <b>2024E</b> | <b>2025E</b> |
|----------------------------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|
| Cash                             | 2,377.0     | 11,740.0    | 7,049.0     | 18,970.0    | 54,677.7     | 86,194.0     | 107,050.9    |
| Inventory                        | -           | -           | -           | -           | -            | -            | -            |
| Debtors                          | 25,886.0    | 18,267.0    | 40,441.0    | 55,823.0    | 57,988.0     | 68,302.3     | 68,244.6     |
| Creditors                        | (28,076.0)  | (31,430.0)  | (49,743.0)  | (73,860.0)  | (83,169.5)   | (101,075.5)  | (97,896.7)   |
| Total Assets                     | 33,822.0    | 37,052.0    | 59,569.0    | 88,865.0    | 119,190.5    | 160,896.1    | 181,595.0    |
| Total Liabilities                | (28,524.0)  | (32,539.0)  | (50,284.0)  | (74,066.0)  | (83,254.5)   | (101,039.5)  | (96,044.8)   |
| Total Equity                     | 5,298.0     | 4,513.0     | 9,285.0     | 14,799.0    | 35,936.1     | 59,856.6     | 85,550.3     |

| <b>Profitability</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> | <b>2023E</b> | <b>2024E</b> | <b>2025E</b> |
|----------------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|
| ROE                  | -93.8%      | -25.8%      | 47.9%       | 32.2%       | 60.5%        | 41.7%        | 31.4%        |
| ROA                  | -14.7%      | -3.1%       | 7.5%        | 5.4%        | 18.2%        | 15.5%        | 14.8%        |

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