

Octopus Energy¹ Consolidated Segmental Statement

For the financial year ended 30 April 2024

	Electricity			Gas		Total Supply
	Unit	Domestic	Non-domestic	Domestic	Non-domestic	
Total Revenue	£m	6,412.2	294.4	3,968.4	18.1	10,693.0
Sale of electricity and gas	£m	6,400.0	294.2	3,958.8	18.0	10,671.0
Other revenue	£m	12.2	0.1	9.7	0.0	22.0
Total operating costs	£m	5,983.3	225.7	4,268.1	16.3	10,493.5
Direct fuel costs	£m	2,859.3	113.0	2,490.7	9.6	5,472.6
Transportation costs	£m	1,160.6	45.6	762.8	3.0	1,972.1
Environmental and social obligation costs	£m	924.8	35.9	332.2	1.3	1,294.4
Other direct costs	£m	713.1	27.7	421.3	1.8	1,163.9
Indirect costs	£m	325.5	3.5	260.8	0.6	590.4
EBITDA	£m	428.8	68.7	-299.7	1.8	199.6
Depreciation and amortisation	£m	32.5	0.4	26.7	0.1	59.6
EBIT	£m	396.4	68.3	-326.4	1.7	140.0
Volume	TWh/ MThms	19.4	0.6	1,493.2	5.8	
WACOE/G	£/MWh, p/th	147.5	194.0	166.8	166.9	
Meter points	000s	5,592.1	60.5	4,484.4	10.7	10,147.7

¹ These statements form the consolidated segmental statements of Octopus Energy Limited and Octopus Energy Operations Limited (formerly known as Bulb UK Operations Limited) for the financial year ended 30 April 2024.

Notes

- All revenues, costs, depreciation and amortisation are entered as positive values, rounded to one decimal place.
- For EBITDA and EBIT (see definitions below), a positive figure represents a profit and a negative figure represents a loss.
- 'Domestic' refers to the supply of electricity, gas and associated services to residential users in the UK. 'Non-Domestic' refers to the supply of electricity, gas and associated services to business users in the UK such as small to medium entities, and large commercial businesses.
- 'Meter Points' represent the average meter points supplied across the year ended 30 April 2024, to the nearest thousand.

Definitions

EBITDA	EBITDA refers to earnings before interest, tax, depreciation and amortisation. It is calculated as total revenue less total operating costs.
EBIT	EBIT refers to earnings before interest and tax. It is calculated as EBITDA less depreciation and amortisation.
Volume	Volume is supplier volumes at the meter point, net of losses.
WACOE/G	WACOE/G refers to the weighted average cost of procuring electricity and gas, shown as £/MWh for electricity, and p/therm for gas. It is calculated as direct fuel costs divided by volume.

Basis of Preparation

The notes below set out the basis of preparation of the Consolidated Segmental Statement (CSS) for the year ended 30 April 2024. The CSS has been prepared in accordance with Standard Condition 19A of the Electricity and Gas Supply Licences (SC19A).

The CSS provides a segmental analysis of Octopus Energy Limited and Octopus Energy Operations Limited (together, Octopus Energy) supply licensed activities. The CSS has been prepared using information included within the Octopus financial statements for the year ended 30 April 2024 which have been prepared in accordance with United Kingdom Generally Acceptable Accounting Practice (UK GAAP), including Financial Reporting Standard 102 (FRS102), "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

The CSS provides information relating to the revenues, costs and profits/losses of the supply licensed activities in order to enhance the transparency within the energy market for both consumers and other stakeholders. Segments within the CSS have been determined in accordance with Ofgem Guidelines, which differ from the requirements of FRS102 under which our Statutory Financial Statements are prepared, therefore the CSS may not be suitable for other purposes.

The categorisation of revenue and costs aligns with the relevant financial statements in order to align with the intent of SLC 19A. This may result in some variation of select cost categories versus Ofgem CSS guidance.

A reconciliation of the CSS Revenue and EBIT to the Octopus Energy Financial Statements for the year ended 30 April 2024 has been included in accordance with SC19A and aligned to the guidance published by Ofgem.

Acquisition of Shell Energy Retail Limited

On 30 November 2023, Octopus Energy Limited acquired 100% of the ordinary share capital of Shell Energy Retail Limited (OEOL2), as set out in note 22 to the Octopus Energy Limited Financial Statements. Following the acquisition of OEOL2, its 1.2 million customers were migrated to the Octopus Energy Limited supply license and brand.

As the acquisition of Shell Energy Retail Limited and migration of customers to the Octopus Energy Limited supply licence took place within the financial year, the costs and revenues relating to those customers have been included within the Octopus Energy Limited results upon customers migrating from SERL. The results of the entity OEOL2 have been excluded from this CSS. The financial statements of OEOL2 are available publicly at Companies House².

Revenue

Energy supply revenue is recognised on the basis of electricity and gas supplied during the year, to domestic and non-domestic customers.

Revenue recognised includes an estimate of the sales value of units supplied to customers between the date of the last meter reading and the year-end.

Other revenue

Other revenue means revenue from other activities in the licensee company, and predominately relates to revenue from the installation of meters. Other revenue has been allocated between segments based upon the number of meter points.

Direct costs

Definitions of direct costs are set out below. Where segmental information does not exist for direct costs, the costs have been allocated between segments on the basis of consumption volumes.

Direct fuel costs

Direct fuel costs represent aggregate electricity and gas costs, including: wholesale energy costs, power purchase agreements, losses and imbalance costs.

Hedging

Octopus Energy follows a strict and sophisticated hedging policy, and does not speculate on market movements, not assuming or relying on market movement in either direction.

For domestic and non-domestic customers on variable tariffs, Octopus Energy hedges these exposures in line with the reference observation window for the pricing period. Domestic customers on default tariffs are hedged on a rolling hedge that follows the price cap methodology.

For domestic and non-domestic customers on fixed price tariffs, Octopus Energy makes forward hedges for the duration of the term offered to the customer and allows for some expected attrition.

Octopus Energy assumes all volumetric risks associated with domestic supply, including the risks of holding shape positions until liquid (shape risk), discrepancies between forecasted and actual demand at delivery (forecast inaccuracy risk), and deviations between forecasted and settled grid demand (imbalance risk). Some non-domestic customers may choose to bear volume risk associated with final differences between hedged volumes and settled grid demand.

Transportation costs

Transportation costs include network transportation costs such as Transmission (TNUoS), Distribution (DUoS), Balancing Services Systems (BSUoS), and transportation costs for gas.

Environmental and social obligation costs

Environmental and social obligation costs include Renewable Obligation Certificates, Renewable Energy Guarantee of Origin Certificates, Warm Home Discount, Energy Company Obligation (ECO) costs, and Green Gas Levy.

Other direct costs

Other direct costs include capacity market costs, contract-for-differences (CFD) costs, feed-in-tariff costs, meter rental and operating costs, managed services costs, market stabilisation charges, licensing fees and other levies.

² <https://find-and-update.company-information.service.gov.uk/company/05070887/filing-history>.

Indirect costs

Indirect costs include operating costs such as marketing, bad debt, central services, billing, costs to serve customers, property costs, and people costs, as well as costs associated with meter installations.

Indirect costs, where they do not specifically relate to electricity or gas respectively, are allocated based upon number of meter points, except for bad debt costs which are allocated between Electricity and Gas based on the revenues of the respective supply segment.

Depreciation and amortisation

Depreciation and amortisation is allocated between segments on the basis of the number of meter points.

Reconciliation of CSS to Octopus Financial Statements³

£m	Revenue	EBIT
CSS	10,693.0	140.0
Financial Statements Octopus Energy Limited	7,972.7	186.7
Financial Statements Octopus Energy Operations Limited	2,720.3	-46.7
Financial Statements	10,693.0	140.0

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³ The statutory published financial statements of Octopus Energy Limited and Octopus Energy Operations Limited for the year ended 30 April 2024 are standalone entity level financial statements. For the purposes of the CSS reconciliation, the financial statements of Octopus Energy Limited and Octopus Energy Operations Limited have been aggregated.