Kraken Technologies Limited

Annual Report and Financial Statements 2024

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Strategic report

Forewords

Amir Orad – Chief Executive Officer

It is with great enthusiasm that I step into the role of CEO at Kraken Technologies at such a pivotal moment in its journey. Very few companies in the world have the capacity to make a meaningful impact on a global scale, and even fewer do so while advancing such a vital purpose – leading the world's energy transition and utilities transformation. Kraken is doing exactly that.

Kraken has consistently demonstrated its capacity for innovation and growth and this year it has solidified its position as a leading platform for utility digitisation. Kraken's cutting-edge technologies, such as artificial intelligence (AI) and advanced cloud-based data analytics, positions us uniquely to address the evolving needs of our clients while migrating them to a modern platform in the fastest safest manner in the industry.

FY24 has been another remarkable year of progress for Kraken. Our ability to execute large-scale migrations, unmatched in the industry, has driven the growth of customer accounts on the platform to over 40.3 million at the time of writing. The migration of 1.3 million customers from Shell Energy Retail Ltd (SERL) to Octopus Energy Limited, in just two months from ramp-up to completion, broke our own industry record set by the Bulb migration last year. We now have 62.8 million contracted accounts at the time of writing, up 24% since year end.

Looking ahead, my commitment is to lead Kraken in making our customers successful by harnessing these technologies to their fullest potential. We will continue to push the envelope, ensuring that Kraken not only meets but exceeds the demands of a rapidly changing industry. Together, we will drive forward the transformation of utilities on a global scale, setting new standards for what is possible.

James Eddison – Chief Technology Officer and Co-founder

It has been a year of strategically broadening Kraken's scope to lay the groundwork for future growth, and investing heavily in technologies that will drive efficiency to deliver for all of our clients.

Our launch into the wider utilities sector marks a significant move beyond energy, with early success demonstrated by securing key licensing agreements with Severn Trent and Portsmouth Water. The strategic acquisitions of Sennen and Kwest during the period, along with Energetiq and Jedlix since year-end, will be instrumental in shaping Kraken's future. These additions highlight that top-tier talent is drawn to our mission and the quality of our technology. Their brilliant teams have integrated into the business and I'm excited about the potential they bring to our platform as we continue to build the 'operating system for utilities'.

KrakenFlex is a core part of the Kraken technology platform, whilst its figures have been reported separately this period, they will be consolidated in future periods. It experienced substantial growth this year, significantly increasing the number of assets managed by SmartFlex, which grew more than fourfold, from 37,000 to 212,000, contributing to almost 2.9 GW's of flexible capacity – 1GW of consumer and 1.9GWs of infrastructure scale, all controlled and optimised by the Kraken platform. This makes it one of the world's largest virtual power plants (VPPs) and it has continued this growth trajectory since year end.

As we welcome our new CEO, I am highly optimistic about the future. With his leadership, we are well-positioned to continue our growth and push the boundaries of what Kraken can achieve, ensuring we remain at the forefront of driving the global transition to sustainable and smart utilities.

Operational and financial review

What we do

Kraken Technologies Limited (KTL, 'the Company') is a pioneering provider of technology solutions for the energy and utilities sectors. The Kraken platform is an advanced end-to-end operating system for utilities, from generation and management of distributed energy resources to billing, customer service and communication. It consists of products which serve clients across the post-transition energy value chain.

Deploying Kraken enables complete transformation for our clients. By integrating advanced data, cloud automation, AI and an innovative operating model, we support them to significantly reduce operating costs while providing industry-leading service to customers. Kraken also delivers a step-change in capability to offer innovative new products and services. As well as licensing Kraken, our team migrates customer accounts onto the platform and supports the transformation process through our Build, Operate and Transfer (BOT) model, which includes expert advice and team training.

Kraken is built to empower businesses to lead the energy transition and create a smarter, fairer energy system for both consumers and businesses.

> *"Very few companies in the world have the capacity to make a meaningful impact on a global scale, and even fewer do so while advancing such a vital purpose – leading the world's energy and utilities transformation."*
>
> Amir Orad, CEO

Operational review

FY24 has been another year of substantial growth and strategic progress for KTL. We achieved a significant increase in recurring revenue of 68% from £53.4m to £89.6m which has been fuelled by the growth of customers on the platform. The acquisitions of Sennen and Kwest, detailed below, have strengthened our capabilities and extended Kraken's reach into new areas of the sector. Since year end we have welcomed a new CEO, who will be instrumental in guiding KTL through its next phase of growth. These milestones, along with continued investment in our core technology, position KTL to scale rapidly in both established and nascent markets.

Highlights this year include:

During FY24 we migrated 8.2 million accounts onto the platform, which along with organic growth of existing clients' customer bases, has brought the total number of accounts live on the platform to 32.8 million (FY23: 21.8 million). These live accounts are currently active and generating revenue for the business.

Our team rapidly executed the migrations of customer accounts from Shell Energy Retail Ltd (SERL) and Energy Queensland Limited (EQL) to the Kraken platform. The SERL migration of 2.2 million customer accounts was completed in record time – just three months from ramp-up to completion, surpassing our own industry record for migration speed during the Bulb migration which was completed in four months.

The transformation of EDF UK's retail operation, including the migration of 5.8 million customer accounts, made significant progress and was mostly complete at year end, just a year after starting.

KTL secured new licensing agreements with Plenitude, a subsidiary of Eni, one of the world's largest energy companies, and Tokyo Gas, one of Japan's largest utilities (and a shareholder in Octopus Energy Group Limited), with migrations kicking off before year end for both these clients. Additionally, we signed deals with ANWB in the Netherlands and St John Energy in Canada which will begin migration in FY25, further extending Kraken's reach into international markets including our first regulated utility in North America, a significant milestone.

Our newly launched offering for utilities beyond energy gained traction, signing its first four licensing agreements with Severn Trent, Portsmouth Water, Cuckoo Fibre, and Leep Utilities. This expansion into the wider utilities sector expands Kraken's addressable market to include water and telecommunications companies, making Kraken's offering compelling for energy retailers who also offer these services by allowing them to operate on a single platform.

We continued to invest in world-class talent, significantly growing our Kraken team to 1,355, including employees of subsidiaries owned by KTL who are working on the development and implementation of the platform internationally.

Kraken completed two strategic acquisitions during the year, and two since year end, primarily to expand our capability and product and service offering, rather than to acquire material revenue contribution. These teams have been integrated into Kraken, and their talent and know-how are expected to enhance our product development and innovation, supporting Kraken's evolution into the operating system for utilities.

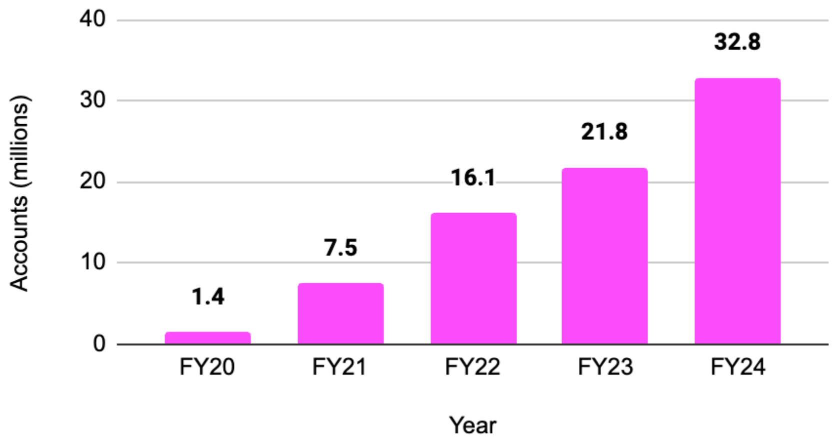
During FY24:

- Sennen (Sennen Tech Ltd), a grid-scale renewable asset operation and maintenance software, building out Kraken's asset management capabilities; and
- Kwest (Anyskill Technologies GmbH), low-carbon tech installation workflow management software, which is being integrated into Kraken's Field product.

Since year end:

- Energetiq (Energetiq Pty and Energetiq Services Pty), an energy billing reconciliation software provider which will help add network billing capabilities to Kraken; and
- Jedlix (Jedlix B.V.), a Dutch electric vehicle (EV) smart charging software developer which provides OEM API integration and smart charging services.

Accounts on platform at year end (millions)



Year	**Accounts**
FY20	1,400,000
FY21	7,465,309
FY22	16,098,780
FY23	21,795,056
FY24	32,805,123

Financial review

As of 30 April 2024, KTL had £212 million (+67%) contracted annual recurring revenue (CARR[1]) and over 50 million (+56%) contracted accounts which will generate future revenue for the business. This growth in contracted accounts reflects Kraken's strategic focus on geographical and sector diversification, with significant wins in the water sector (Leep, Portsmouth Water, Severn Trent) and international markets (ANWB, Plenitude, Tokyo Gas).

FY24 saw the migration of 8.2 million customer accounts, driven by the completion of two key customer migrations, EQL and SERL, as well as the first broadband and water migrations and the near-completion of EDF's customer migration. Non-recurring revenue decreased by 3% from £48m in 2023 to £46.7m this financial year, aligning with our strategic shift from milestone-dependent, one-off revenue streams to a focus on stable, annual recurring revenue (ARR). Recurring revenue grew by 68% in the year, with further increases expected in FY25 from the migration of customer contracts signed in FY24.

KTL recorded a second consecutive year of positive operating profit and achieved earnings before interest, tax, depreciation and amortisation (EBITDA) of £71.1 million in the year (2023: £75.9 million) despite substantial investments in expanding into new products and client bases. Cost of sales increased by £22 million, mainly due to the change in accounting classification of managed service fees from operation costs to cost of sales of £8.1 million in 2024 (2023: £6.4 million). We also saw a £5.5 million rise in direct salaries as we expanded our client delivery and success teams to manage the successful Kraken migrations. Additionally, we have invested significantly in resourcing for future contracts in the pipeline, including hiring ahead of need and ensuring we retain top talent. The growth of our international client success teams to support international clients in the pipeline also contributed to the increase in cost of sales.

The combination of investment in direct talent as well as the accounting reclassification of managed service costs has led to a decrease in the gross margin percentage to 80% from 95% in 2023.

In line with the increased cost of sales, operational expenditure also rose to support KTLs growth. Marketing expenses have increased by £3.6 million as Kraken pursued expansion into the US and European markets, and operating salaries grew by £3 million.

This financial year, KTL has undertaken an assessment of its software capitalisation and depreciation policy given the increasing scale of the operations and costs incurred. A project to assess in greater detail the time spent by our employees on developing and enhancing the Kraken platform has improved the process by which the Company is recognising administrative time spent by these employees straight to the profit and loss account. This will give a better view of the costs incurred by our business that add value to the Kraken platform and further process improvements are planned as systems and people costs evolve. An update to the consideration of the estimated useful life of our Kraken platform was also performed to incorporate our updated understanding of Kraken's performance analysis and market trends. This has resulted in a change in estimated useful life from three to five years from 1 May 2023, which is set out in the notes to the financial statements. The change in estimated useful life and the capitalisation policy has resulted in an overall decrease to administrative expenses of £18 million.

[1] Annualised revenue from licensing agreements agreed to service on the platform but not necessarily yet active.

KPIs

	30 April 2024	30 April 2023	% change
Total contracted accounts	50.5 million	32.3 million	56%
Total accounts live on Kraken platform[2]	32.8 million	21.8 million	50%
Total revenue	£136.3 million	£101.4 million	34%
Total recurring revenue[3]	£89.6 million	£53.4 million	68%
EBITDA	£71.1 million	£75.9 million	-6%
Operating profit	£44 million	£21.6 million	104%

Future developments

We continue to invest in building proprietary technology to support growth in accounts on the platform, supplier efficiency, flexibility services, customer service quality and further innovations in generation and supply. Growth in accounts on the Kraken platform will be through new licensing agreements with other energy and utilities suppliers around the world, and through Octopus Energy Group Limited's ('Group') own energy supply businesses in the UK and globally.

[2] Meter points which have been migrated onto the platform during the year.

[3] Formerly referred to as licensing revenue and defined in note 4.1

Engaging with our stakeholders

This report sets out how the Directors comply with the requirements of Section 172 Companies Act 2006, including employee engagement, and how these requirements are considered in the Board's decision making throughout the year[4]

Further details on stakeholder engagement are set out on page 11 within the Corporate Governance Report.

It is the Board's priority to ensure that the Directors have acted both individually and collectively in good faith, and in the way that they consider would be most likely to promote the success of KTL for the benefit of its members as a whole and with regard to all its stakeholders. The requirements of Section 172 of the Company Act can be summarised as follows:

A director of a company must act in the way they consider to be in good faith and would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly between members of the company.

The following paragraphs summarise how the Directors fulfil their duties. In all cases the Board is responsible for setting and monitoring these high standards and receives regular updates for discussion at Board meetings.

Risk management

Risk management is a key function of the Board's role in oversight of the business and Kraken's success in achieving its strategic objectives and mission. The Board regularly reviews risks through the monthly management reporting process and during quarterly Board meetings. The principal risks and uncertainties facing the Company are outlined later in the strategic report.

Our people

People are the most important part of KTL, and the Board is passionate about creating a business which people want to be part of. We treat our employees with the respect they deserve, both for their dedication to developing a revolutionary software platform, as well as the breadth of experiences they share.

The Board puts particular focus on nurturing a culture of autonomy, empowerment and trust, and encouraging straightforward, honest and transparent communication. It monitors employee engagement through regular updates from the Senior Management Team on data from Officevibe (internal employee ratings and feedback) and Glassdoor (external). The Board also maintains its accessibility via ad hoc but regular engagement with the Kraken employee community often in the form of visits to Kraken's London headquarters or regional offices.

[4] The Board has mostly consistent Directors/shareholder representation at a Group level and at each key subsidiary and accordingly matters are considered at a Group level or Company level depending on their nature and whether they are common to more than one subsidiary or not. The comments throughout the Annual Report and Financial Statements reflect the activity of the Directors through either the Group or Company meetings and in respect of the activities of the Group or Company as relevant and as appropriate to the matter involved.

Gender diversity, and diversity more generally, is a topic that is important to KTL and is actively monitored and encouraged. There are various initiatives in recruitment, development and workplace flexibility intended to make continued progress on this. These include a 'Kraken Ladies' community, a partnership with SheCanCode and sponsoring various events such as Reframe Women in Tech and Karren Brady's Women in Business & Tech Expo.

Practically all permanent staff own shares or are granted share options in the Group, so derive added benefit from the ongoing growth and success of the business, helping to align employee values with those of shareholders.

Informal, regular access to our Senior Management Team drives accountability at all levels. We achieve this via several channels – from open internal messaging to a weekly 'Family Dinner' where all members of staff across the world are invited to the same online meeting to learn about the latest business developments. These meetings are regularly hosted and/or attended by one or more of our Founders (who are Directors). During these sessions, employees are encouraged to ask questions directly and to celebrate the achievements and challenges of their teams together.

Our customers

Kraken exists to revolutionise the energy and wider utilities sector through the software we license to clients and the Board is committed to executing this. When implementing Kraken, as well as great technology, we also deliver business model transformation which results in improved operating efficiency, greater staff satisfaction and outstandingly positive experiences for end-customers.

Our mantra is to offer straightforwardness and trust by breaking down traditional service barriers, instead championing simple processes and nurturing honest relationships between the team and our clients. The result is closely monitored with dedicated client leads giving regular updates to the Board on customer success and satisfaction. The fundamental principles of pragmatism, simplicity and honesty are ingrained in all areas of the business, including the Board.

Suppliers

We carefully select partners and suppliers to work with on a number of factors including their reputation within their industry and ability to demonstrate care and quality throughout their process. Our onboarding process is grounded in our business and personal principles, including our undertakings and provisions outlined in our Modern Slavery Statement.

Community and environment

Our technologies support system-wide change to end the world's reliance on fossil fuels. Through this we are helping the world accelerate the energy transition through digitisation of utilities. We see consumer flexibility as key to achieving this by enabling the shifting of consumption to times when renewable power is cheap and abundant.

During the period the Company has progressed with its plans to establish itself in the market by growing its development hubs globally and locally to increase its reach and regional expertise. This has helped to accelerate the localisation of the platform in different regions and has allowed access to a wider pool of tech talent.

Ultimate Shareholders

We are committed to openly engaging with our shareholders and all shareholder interests are represented at the Company's Board meetings. The Group Board comprises representatives from each of our five major external shareholders and convenes formally on a quarterly basis to review business performance and discuss strategic topics and opportunities. In addition to these meetings, the Company provides a monthly financial performance reporting pack to all of our investor shareholders and reserves time with each of them to cover any resulting queries. Finally, the Company maintains ongoing accessibility and engagement with its shareholders via the Strategic Finance and Communications teams.

Business conduct

We aim to provide technology to help utilities deliver energy in ways which are more innovative, economical and with an accelerated adoption of renewable energy. The Board is responsible for setting and monitoring these high standards of business conduct, including the culture and reputation of the Company, and receives regular updates at Board meetings.

The Senior Management Team is deeply engaged in the detail of the business and relationships with key stakeholders, and it has a fundamental understanding and extensive knowledge of data flows, structures and customer behaviours that underpin the systems.

This sets the expectation across the business that excellent customer service is at the centre of what we do and is borne of a detailed understanding of our value chain and the high ethical and operational standards to which we work. We also apply this philosophy to supplier relationships, which we know work best when there is a deep understanding and appreciation of the activities each party undertakes and the constraints under which they work.

The Company abides by our Modern Slavery Statement and is committed to ensuring that all operations are compliant with relevant laws.

Our Board considers key stakeholders in all of its key decisions

Here is an example of a decision the Board made this year which demonstrate how key stakeholders have been taken into account:

Investment in Kraken Headcount International Growth (via Budget)

The decision to invest in expanding Kraken's international headcount and presence was made with multiple stakeholders in mind. For our clients, including third-party licensees, growing the Kraken team ensures the continued delivery of high-quality services and further strengthens the platform's capacity to support large-scale migrations and operations. For employees, this decision creates new roles in various regions, offering career development opportunities within a fast-growing tech environment. For shareholders, expanding Kraken's headcount is critical to scaling the platform, supporting long-term profitability as Kraken continues to grow globally.

Governance

Principal risks and uncertainties

The Board and Senior Management Team identify, assess, and manage risks associated with Kraken's business objectives and strategy in the following categories:

Cash flow and liquidity risk

KTL is a prudently run, profitable, strongly backed business. KTL manages cash responsibly and has clear sight of expected cash requirements. It is a high gross margin, cash generative business for which existing clients generate stable, predictable income through ongoing licensing of the Kraken platform.

The Company operates a long-range forecast model that generates a rolling forecast for profit and loss (P&L), balance sheet and monthly peak cash (and potential variances to) over the next seven years. Through this, the Company can plan cash flow and funding.

Commercial risk

The Company faces several types of commercial risk in the course of its operations.

1. **Customer concentration risk**: during the period our largest client contributed less than 20% of ARR and we have continued this year to diversify our customer base and have commenced migrating several more material clients. Since year end we have also signed three additional major clients and have a pipeline of new client opportunities which will allow us to further reduce this risk.

2. **Competition risk:** from established multinational companies as well as regional and local providers. KTL also faces competition from new entrants who bring niche products to the market. The Company monitors the market regularly to ensure that we are aware of the offerings on the market and that we can maintain our competitive edge.

3. **Intellectual property (IP) risk:** protecting IP is crucial to the success of the Company as any misappropriation or misuse would have an adverse impact on competitive position. This risk is mitigated through strong IP protection provisions in both employment contracts and contracts with counterparties including Kraken licensing agreements.

4. **Global regulations and compliance:** the Company has clients spread globally and must manage an international workforce. KTL prioritises training of employees in the UK and internationally to ensure that they have the knowledge and skills to succeed and provide services to clients across the world.

Cyber security risk

KTL continues to strengthen its security controls to address both the cyber attacks it detects and cyber risks that are tracked through internal risk management processes. Types of attacks include credential stuffing, Distributed Denial of Service (DDoS) and phishing attacks that are commonplace in many businesses. This is mitigated through continuous improvement and continuous deployment (CI /CD) of updates to the platform, including security updates, with a significant emphasis on identity and zero-trust controls. Third- party risk assessments ensure our approach is robust and helps us to proactively identify areas of potential vulnerability.

Growth in the number of end-customers on the Kraken platform has resulted in an increase in the amount of data held. Personal data includes data defined as special category data under General Data Protection Regulation (GDPR). KTL takes the risk of a data breach very seriously not only from the perspective of the potential impact on clients through fines and reputational damage, but also the human impact on end-customers. Kraken continues to improve controls around data security with a particular focus on making data retention periods more granular for clients, improving access controls across the application and support services, introducing new data loss prevention controls, and continuing to ensure the auditability of actions involving customer data.

Operational risk

Operational risk, stemming from potential weaknesses or failures in a business's systems and controls, remains a focus in our commitment to sustainable growth. Over the past year, Kraken has continued to fortify its controls and refine processes, placing a particular emphasis on bolstering the integrity and security of our core Kraken platform and business information technology (IT) systems. Rigorous assessments, both internal and external, are conducted regularly to evaluate the potential impact and likelihood of process failures, ensuring a proactive approach to mitigating operational risks. Kraken obtained ISO/IEC 27001:2022 certification in August 2024, which will be maintained annually.

By subjecting various aspects of our platform and systems to external scrutiny, we aim to identify vulnerabilities and implement robust measures that go beyond industry standards.

In tandem, the Company has a disaster recovery policy and plan tailored to current business requirements. This not only addresses the immediate restoration of IT systems but also encompasses a holistic approach to business continuity, ensuring minimal disruption in the face of unforeseen events. Kraken is committed to staying ahead of emerging threats by embracing industry best practices and fostering a culture of continuous improvement. Kraken employs feedback and lessons from regular audits, reviews, and incident retrospectives, using these insights to continuously refine and improve our systems and processes. This proactive stance positions us to navigate the evolving technology landscape with resilience, fortifying the foundation on which our operational success is built.

While the Kraken application is not dependent on any specific infrastructure (or cloud services provider) to run, it has only been deployed to Amazon Web Services (AWS) to date. This has some risks associated with it which are mitigated through a close supplier relationship with AWS. In addition, if it were necessary then replatforming to another cloud provider would be possible.

Financial risk

KTL operates with many customers and suppliers around the world and conducts business in various foreign currencies. As a result, the Company is exposed to foreign exchange risk, which arises from the potential impact of currency fluctuations on its financial performance and position. The business is planning to implement hedging strategies in the coming financial year to limit this exposure.

Changes in tax rates, tax laws, and the timing and outcome of tax examinations could affect our results of operations. This is mitigated by our Tax team which ensures we are up-to-date and compliant with the applicable tax requirements in the markets we operate in.

Directors’ report

Future developments

We’ve included a statement on future developments in the Strategic Report which you can find on page 7

Events after balance sheet date

Since the balance sheet date KTL has acquired two companies to further expand its capability and product and service offering. These are Energetiq (Energetiq Pty and Energetiq Services Pty), an energy billing reconciliation software provider which will help add network billing capabilities to Kraken acquired for £10m consideration, and Jedlix (Jedlix B.V.), a Dutch EV smart charging software developer which provides OEM API integration and smart charging services acquired for £5.9m consideration.

Research and development activities

We invest in the development of our own technologies and products. Kraken is continuously developing and improving its products to meet the needs of its customers. KTL will make research and development expenditure credit claims where this research and development qualifies.

Dividends

The Directors did not recommend an interim or final dividend to be paid during the period (FY23: £nil).

Engaging with employees and other stakeholders

We have included a statement on engaging with our people and other stakeholders in line with our Section 172 requirements in the Strategic Report, which you can find on page 8.

Financial risk management objectives and policies

The Company has a strict risk assessment and management policy in which the main risks to the business are considered. These include commercial risk, cyber security risk, cash flow and liquidity risk, and financial risk. The Company has policies in place in order to mitigate these risks – for further detail please refer to principal risks and uncertainties on page 11.

Political donations

The Company hasn’t made any donations or incurred any expense to any registered UK political party or any political organisation in the UK, EU or elsewhere (FY23: nil).

Existence of branches outside the UK

At year end the Company has branches in Spain, Italy, France and Germany through its subsidiary Kraken Labs Limited.

Policy on employing people living with disabilities

At KTL, we work hard to hire, promote and treat people on the basis of their merits and abilities. Our people are our strongest asset and the unique skills and perspectives people bring to the team are the driving force of our success.

For employees with disabilities, whether they are new hires or existing employees who acquire a disability during their employment, we are committed to ensuring their continued career development, success, and integration. While we adopt an autonomous approach, leaving teams to manage training and development in the way that suits them best, we ensure that all necessary adjustments and accommodations are made to provide disabled employees with the resources and support they need. In the case of an employee acquiring a disability, we ensure that appropriate adjustments are made, including training or role modifications, to enable them to continue in their role or transition to a new position that better fits their abilities. Teams are encouraged to foster an inclusive environment and support all employees in their career progression.

As an equal opportunity employer we do not discriminate on the basis of any protected attribute, and we welcome applications for employment from anyone. Our commitment is to provide equal opportunities, an inclusive work environment, and fairness for everyone.

Some examples of what we've been doing include:

- All of our job adverts are gender neutral, avoiding language that could discourage certain genders or demographics from applying.
- We've rolled out unconscious bias, diversity and inclusion training for hiring managers and interviewers, and always prioritise diverse interview panels to ensure a fair recruitment process.
- We've eliminated gender bias from the pay structure of field roles, so that all new starters receive the same starting salary.
- We've partnered with professional associations, community groups, and educational institutions to seek out candidates from underrepresented groups.
- We offer inclusive benefits that cater to the needs of all genders, such as parental leave policies, flexible work arrangements, and support for employees transitioning genders.

The list above certainly isn't exhaustive and all employees can get involved in making their organisation, departments and teams feel like home for everyone. Those in leadership positions are expected to set an example on this, but that doesn't stop anyone taking the initiative and making a great idea happen.

Energy and carbon reporting

The Company is a subsidiary undertaking that is included in the consolidated environmental performance disclosures including disclosures required under Streamlined Energy and Carbon Reporting ("SECR") of the ultimate parent entity OEGL. As such, it has taken the exemption from preparing a Company specific SECR disclosure.

Going concern

The Company's financial statements have been prepared on a going concern basis, on the grounds that the Company is profitable and the forecasts and projections demonstrate that the business is able to meet its current and long-term liabilities. Consideration has been given to the current economic climate when assessing the cash requirements of the business. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements.

Directors

The Directors who served throughout the year, and subsequently, were as follows: G Jackson, S Jackson, J Eddison, C Hulatt, S Rogerson, and J Bowie.

Directors' indemnities

The Company has made qualifying third-party insurance coverage for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that they ought to have taken as a Director in order to make themselves

aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.
Approved by the Board and signed on its behalf by:

S Jackson
CFO and Co-founder

30 January 2025

Registered office: UK House, 5th Floor, 164-182 Oxford Street London, United Kingdom, W1D 1NN

Directors’ responsibility statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial Statements

Independent auditor’s report

Opinion

In our opinion the financial statements of Kraken Technologies Limited (the ‘company’):

- give a true and fair view of the state of the company’s affairs as at 30 April 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council’s (the ‘FRC’s’) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company'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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. This included the General Data Protection Regulation (GDPR).

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, IT, and analytics regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

- Revenue Recognition - A fraud risk related to the cut-off of performance revenue due to the complexity of contracts, frequent amendments, and reliance on management's estimates for determining the percentage of completion for performance obligations was identified. To address this risk, we analysed all contracts, both new and existing, to verify the achievement of performance milestones and the reasonableness and accuracy of completion rates.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Anthony Matthews

Anthony Matthews (FCA) (Senior statutory auditor)
For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

30th January 2025

Statement of comprehensive income

For the year ended 30 April 2024

	Notes	**2024 £000s**	2023 £000s
Turnover	5	**136,318**	101,431
Cost of sales		**(26,816)**	(4,696)
Gross profit		**109,502**	96,735
Administrative expenses	6	**(65,437)**	(75,112)
Operating profit		**44,065**	21,623
Interest payable to group entities		**(1,222)**	(828)
Interest receivable and similar income		**64**	–
Dividend income	11	**7,740**	–
Impairment loss on investment	11	**(4,800)**	–
Profit on ordinary activities before taxation		**45,847**	20,795
Tax credit/(charge) on profit on ordinary activities	9	**(10,924)**	(14,632)
Profit for the financial year		**34,923**	6,163
Other comprehensive income		**–**	–
Total comprehensive income for the financial year from continuing operations		**34,923**	6,163

Balance sheet

As at 30 April 2024

	Notes	**2024 £000s**	2023 £000s
Fixed assets			
Intangible assets	10	**100,813**	67,314
Tangible assets	13	**5,388**	1,335
Investments	11	**17,583**	13,984
		123,784	82,633
Current assets			
Debtors – due within one year	14	**73,645**	61,475
Cash at bank and in hand		**11,142**	5,948
		84,787	67,423
Creditors:			
Amounts falling due within one year	15	**(48,730)**	(39,866)
Deferred tax	9	**(9,406)**	–
		(58,136)	(39,866)
Net current assets		**26,651**	27,557
Creditors:			
Amounts falling due after more than one year	15	**(1,560)**	–
Net assets		**148,875**	110,190
Capital and reserves			
Called-up share capital	16	**–**	–
Other reserves	17	**6,366**	2,604
Profit and loss account		**142,509**	107,586
Shareholders' funds		**148,875**	110,190

The financial statements of Kraken Technologies Limited (registered number: 12014731) were approved by the Board of Directors and authorised for issue on 30 January 2025. They were signed on its behalf by:

S Jackson
Director

Registered office: UK House, 5th Floor, 164-182 Oxford Street London, United Kingdom, W1D 1NN

The notes on pages 24 to 37 form part of these financial statements.

Statement of changes in equity

For the year ended 30 April 2024

	Called-up share capital £000s	Share option reserves £000s	Profit and loss account £000s	Total £000s
At 1 May 2022	**–**	**656**	**101,423**	**102,079**
Total profit for the year and total comprehensive income	–	–	6,163	6,163
Other reserves	–	1,948	–	1,948
At 30 April 2023	**–**	**2,604**	**107,586**	**110,190**
Total profit for the year and total comprehensive income	–		34,923	34,923
Other reserves	–	3,762	–	3,762
At 30 April 2024	**–**	**6,366**	**142,509**	**148,875**

Notes to the financial statements

1. Company information

Kraken Technologies Limited is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is shown on the Company information page. The nature of the Company's operations and its principal activities are outlined in the Directors' report.

2. Accounting policies

2.1. Basis of preparation of financial statements accounting and preparation of financial statements

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is pounds sterling (£) because that is the currency of the primary economic environment in which the Company operates.

Kraken is exempt from the requirement to prepare consolidated financial statements on the grounds of satisfying the criteria under FRS102 Section 9.3.

2.2. Financial Reporting Standard 102 – reduced disclosure exemptions

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the following disclosure exemptions available to it in respect of its separate financial statements:

A. The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d);
B. 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12,26 (in relation to those cross-referenced paragraphs from which a disclosure exemption is available), 12.27, 12.29(a), 12.29(b), 12.29A and 12.30;
C. The requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
D. The requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23, concerning its own equity instruments, as the Company financial statements are presented with the consolidated financial statements and the relevant disclosures are included therein; and
E. The requirement of Section 33 Related Party Disclosures paragraph 33.7.

F. The government of the United Kingdom, where the parent company is incorporated, has now enacted the Pillar Two income taxes legislation effective from 1 January 2024. Under the legislation, the parent company would be required to pay top-up tax on profits of its subsidiaries that are taxed at an effective tax rate of less than 15 per cent. The parent company does not expect exposures in any of the jurisdictions in which it operates, as all are expected to meet the conditions for Safe Harbour relief. This information is based on the profits and tax expense determined as part of the preparation of the group's consolidated financial statements. The parent company is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

This information is included in the consolidated financial statements of its parent company Octopus Energy Group Limited as at 30 April 2024, which may be obtained from the registered office UK House, 5th Floor, 164-182 Oxford Street, London W1D 1NN.

2.3. Going concern

The Company's financial statements have been prepared on a going concern basis, on the grounds that the Company is profitable and the forecasts and projections demonstrate that the business is able to meet its current and long-term liabilities. Consideration has been given to the current economic climate when assessing the cash requirements of the business. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements.

2.4 Change in Accounting Estimate

During the year ended 30 April 2024, KTL reviewed the estimated useful life of its intangible asset previously amortised over three years. Following this review, management determined that the estimated useful life of the asset should be revised to five years, reflecting updated information on the asset's performance and economic utility.

The reassessment was carried out in accordance with FRS 102, which requires changes in accounting estimates to be based on the most current and reliable information available. The adjustment reflects management's judgment that the intangible asset will continue to contribute economic benefits over a longer period than initially anticipated and the evolution of technological and market factors including current contract longevity, indicates a slower rate of obsolescence.

The change in accounting estimate has been applied prospectively from 1 May 2023 as per the accounting framework, and there is no impact on prior period financial statements as this change represents a revision of an estimate rather than an error or a change in accounting policy. This revision constitutes a significant judgment by management, as disclosed in Note 3 below and has resulted in a reduced amortisation charge in the period of £31.8m. Future amortisation expense will be based on the revised useful life of five years, subject to ongoing annual review.

3. Significant judgements and estimates

In the application of the Company's accounting policies, which are described below, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. We do not expect future sensitivities for these estimates and therefore no further information has been disclosed.

Key source of estimation uncertainty – change in useful life of software development costs

Previously, the estimated useful life of the software development costs was determined to be three years, reflecting management's best estimate at the time, based on the specific product life cycle of Kraken indicated by the period over which the code is being re-written. However, due to advancements in the understanding of the assets performance and its sustained utility beyond initial projections, management has revised the estimated useful life to five years.

This is management's best estimate of the intangible asset's useful life, over which it is expected to produce economic benefit to KTL. This useful life has been derived from the analysis of coding and performance data and technological trends. Therefore, management believes the revised estimate aligns with the assets economic reality and provides more reliable and relevant financial information.

Future developments in the software and the passage of time are expected to materially change this assumption in the future due to the growth in the underlying portfolio. Further details on intangible assets can be found in Note 4.5.

Key source of estimation uncertainty – revenue recognition

In recognising the performance fees under the contract, management is required to make a judgement with respect to the expectation of meeting the performance targets. Performance fees are recognised over time based on the expectation of meeting the performance targets at each reporting date. If performance targets are expected to be met, the related fees are recognised as a percentage of completion at the reporting date.

These estimates are materially sensitive to the assumptions used in determining the portion of revenue to be recognised based on the estimated percentage of project completion at the period end. Further details on revenue recognition can be found in Note 4.1.

Significant judgement – carrying value of investments

The process for determining whether there is an indication of impairment for the Company's investments in subsidiaries requires management's judgement. The key areas in which management applies judgement are as follows: assessment of whether there are any external indicators of information that the investment's value has declined such as the market value of the business declining more than expected, any significant adverse effects on the entity (economic, technological, or legal), the impact of changes in market rates to the business and if the carrying amount of the net assets is more than the estimated fair value; and whether there is evidence available from internal sources that the economic performance of the investment has deteriorated such as evidence in internal reporting which indicates that the performance of the business is or will be worse than expected. Management has concluded that there were no indicators of impairment in this financial period.

Significant judgement – capitalisation of wages and salaries

The capitalisation of development wages and salaries incurred in the creation and production of the Kraken platform has been reviewed during the financial year. Management has assessed the direct attribution of the efforts involved in product development and a judgement has been concluded on to segregate the costs which are development and administrative related.

Employee time has been assessed based on conversations with employees and managements judgement of the amount of administrative time spent by each of the roles which KTL observes to be the amount of time not capable of being capitalised and is instead expensed as part of operational costs in the profit and loss. KTL capitalises all other salary and wage costs in relation to these employees.

4. Principal accounting policies

4.1. Revenue recognition

KTL must make a judgement when recognising revenue to determine whether the performance obligation to its customers has been met or not. Management reviews the progress of performance metrics throughout the contract to ensure the correct revenue is recognised. Further details of the nature of revenue recognition may be found in the relevant accounting policy and notes to the financial statements.

Licensing agreements are in place between KTL and its customers. The revenue is recognised as follows:

Recurring Revenue

Revenue from licensing Kraken represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Revenue is recognised per month per account that is managed on the Kraken platform for the customer.

Non-Recurring Revenue includes both Migration Fee, Performance Fee & Other Fees

Migration fee

Revenue from migrating customers onto the Kraken platform is recognised at the point at which the customer is migrated onto the platform as this is the point at which the customer has access to use and benefit from the software. Migration fees represent the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

Performance fee

Revenue is recognised based on contractual milestones achieved throughout the contract term. Where contractual milestones have only been partially met at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the performance obligation at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year

Other revenue

Consultancy fees and other fees charged to customers for the Kraken Build, Operate and Transfer (BOT).

4.2. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains or losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time that the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax assets and liabilities are not discounted.

4.3. Fixed assets

Tangible fixed assets are stated at cost, net of any depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the costs or valuation, less estimated residual value, of each asset on a straight-line basis over its useful economic value as follows:

- Furniture: 3–10 years
- IT equipment: 3 years

4.4. Investments

Investments in subsidiaries are carried at cost, less any impairment.

4.5. Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Acquired software costs are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.
- The asset will start to be amortised at the point it becomes available for use, over a period of five years on a straight-line basis. This is reviewed for impairment on an annual basis.

During the financial year, KTL reviewed the estimated useful life of its intangible asset previously amortised over three years and determined that the estimated useful life of the asset should be revised to five years, reflecting updated information on the asset's performance and economic utility. Further information on this change in accounting estimate is described in Note 2.4 and 3 of the notes to the financial statements.

Development costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill and are therefore not treated, for dividend purposes, as a realised loss.

4.6. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs) unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financial transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled; b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

4.7. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss previously recognised for assets, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a cash generating unit (CGU), the reversal is applied first to the assets of the CGU.

Financial assets

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

4.8. Pensions

The Company operates a defined contribution pension scheme for employees and the pension charge represents the amounts payable by the Company to the scheme in respect of the year. These costs are included as part of staff costs (see Note 7) and pension (see Note 7). Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

4.9. Share-based payments

Octopus Energy Group Limited operates an equity-settled, share-based payment scheme, under which the Company receives services from employees as consideration for equity instruments of the parent. The fair value of the employee services received in exchange for the grant of the equity instrument is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted. The fair value of the equity instruments issued is measured using the Black-Scholes model. The share price from the most recent investment round along with the exercise price, the time to expiration, the risk-free rate and a measure of volatility are all input into the Black-Scholes model. The expense for the share options granted is recognised over the period between the grant date and the vesting date of those options, which is the period over which all of the specified vesting conditions are satisfied, adjusted for annual attrition rates.

A reasonable allocation is made of the parent company's total expense, considering where each individual's service is rendered, with a corresponding adjustment to equity.

5. Turnover

	2024 **£000s**	2023 £000s
Recurring revenue	**89,648**	53,409
Non-recurring revenue	**46,670**	48,022
	136,318	101,431

6. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2024 £000s	2023 £000s
Wages and salaries	**16,562**	2,737
Depreciation of tangible assets (Note 13)	**828**	175
Amortisation of intangible assets (Note 10)	**26,218**	54,140
Legal and professional	**2,486**	836
IT expenses	**683**	7,474
General and administration	**18,660**	9,750
	65,437	75,112

Amortisation of intangible assets is classified within administrative expenses within the Profit and Loss Statement.

The analysis of auditor's remuneration is as follows:

	2024 £000s	2023 £000s
Fees payable to the Company's auditor for the audit of the annual accounts	**143**	133
	143	133

The audit fees have been allocated throughout the group by Octopus Energy Group Limited.

7. Staff costs

The average monthly number of employees, including executive Directors, during the year was:

	2024 Number	2023 Number
Developers	**284**	180
Direct employees	**168**	71
Administrative employees	**23**	14
	475	265

Their aggregate remuneration comprised:

	2024 £000s	2023 £000s
Wages and salaries	**30,858**	17,483
Social security costs	**3,660**	1,962
Other pension costs (see Note 18)	**1,491**	797
	36,009	20,242

Included in the above costs are administration and direct salary costs as well as this the Company has capitalised £16,174k of salary costs as part of intangible assets (2023: £14,463k).

8. Directors' remuneration and transactions

Directors' remuneration	**2024 £000s**	2023 £000s
Emoluments	**185**	173
Company contributions to defined contribution pension schemes	**10**	10
	195	183

Amounts due to Directors are also paid out of other companies. Directors' remuneration is included in staff costs (Note 7).

Remuneration of the highest paid Director

	2024 £000s	2023 £000s
Emoluments	**185**	173
Company contributions to defined contribution pension schemes	**10**	10
	195	183

At the balance sheet date retirement benefits were accruing to one Director in respect of defined contribution pension schemes.

One director was remunerated out of Kraken in FY24. The remaining Directors are either employed by other Group companies or by the Company's shareholders and do not specifically receive any remuneration in respect of the Company.

9. Taxation on profit on ordinary activities

The taxation charge comprises:

	2024 £000s	2023 £000s
Current taxation (see note below)		
UK corporation tax on profits for the year	**(10,383)**	(2,411)
Adjustments in respect of prior periods	**17**	–
Group relief (payable)/receivable	**–**	(3,384)
Total current credit/(charge)	**(10,366)**	(5,795)
Deferred tax		
Origination and reversal of timing differences	**(558)**	(6,389)
Adjustments in respect of prior periods	**–**	(2,448)
Total deferred tax credit/(charge)	**(558)**	(8,837)
Total income tax credit/(charge) recognised in the Statement of Comprehensive Income	**(10,924)**	(14,632)

The charge for the year can be reconciled to the profit per the profit and loss as follows:

	2024 £000s	2023 £000s
Profit on ordinary activities before tax	**45,847**	20,795
Tax on profit at standard UK tax rate of 25% (PY: 19.49%)	**(11,461)**	(4,054)
Income tax:		
Accelerated capital allowances	**–**	(6,321)
Fixed asset differences	**(1,252)**	
Disallowed expenses	**(1,649)**	(400)
Adjustments in respect of previous periods	**56**	(2,449)
Adjustments to tax change in respect to prior periods	**17**	–
Other permanent differences	**218**	–
Exempt ABGH distributions	**1,935**	–
Timing differences not recognised in the computation	**1,712**	–
Movement in deferred tax not recognised	**(500)**	
Change in rate from deferred tax to current tax	**–**	(1,408)
Total income tax credit/(charge)	**(10,924)**	(14,632)

The standard rate of tax applied to the reported profit on ordinary activities is 25% (2023:19.49%). Deferred tax has been calculated at 25% at 30 April 2024, as this is the tax rate enacted by UK Government effective from 1 April 2023.

Provision for deferred tax	**2024 £000s**	2023 £000s
Fixed asset timing differences	**(11,154)**	(8,899)
Short term timing differences	**1,749**	52
Total deferred tax asset / (liability)	**(9,405)**	(8,847)

Movement in provision	**2024 £000s**	2023 £000s
Provision at start of period	**(8,847)**	(8,899)
Deferred tax (charged) / credited in the Profit and loss account for the period	**(558)**	52
Provision at end of period	**(9,405)**	(8,847)

10. Intangible fixed assets

	Software costs £000s	Customer acquisition costs £000s	Total £000s
Cost			
At 1 May 2023	182,401	–	**182,401**
Additions	59,418	299	**59,717**
At 30 April 2024	241,819	299	**242,118**
Amortisation			
At 1 May 2023	(115,087)	–	**(115,087)**
Charge for the year	(26,218)	–	**(26,218)**
At 30 April 2024	(141,305)	–	**(141,305)**
Net book value			
At 1 May 2023	67,314	–	**67,314**
At 30 April 2024	100,514	299	**100,813**

Note: In Dec 2020 the Kraken asset was transferred from Octopus Energy at a cost of £115m which will amortise over the remaining 32 months.

11. Investments

	2024 £000s
At 1 May 2023	**13,984**
Investments during the year	**8,399**
Impairment of investments during the year	**(4,800)**
At 30 April 2024	**17,583**

During the year KTL acquired a renewable asset management software business called 'Sennen Tech Limited' for a total consideration of £5.7m for 100% of the share ordinary share capital.

On 11 January 2024, 100% of the ordinary share capital was acquired of AnySkill Technologies Gmbh for £3.2m. The company acquired has developed a platform which provides renewable energy project management, which will integrate with the Kraken platform to add to its offering.

During the year Smartpear Limited transferred its software platform to KTL valued at £8.8m and began the wind up process, resulting in the Company issuing a dividend on wind up to KTL of £7.7m as per the Statement of Comprehensive Income. As the main revenue generating asset (the Smartpear platform) in Smartpear is no longer in the business, KTL performed an assessment of the investment held in Smartpear and decided to impair the investment to nil to reflect that there is no longer value in this business and all the value now sits within KTL. This asset is now recognised in the KTL intangible assets.

As mentioned in the critical accounting judgments all other investments have been tested for impairment at year end and management concluded that there were no other indicators of impairment.

Interests in Group undertakings

The list of all subsidiaries is as follows:

Name	**Address of registered office**	**Nature of business**	**Interest 2023**
Krakenflex Limited	UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN	Other information technology service activities	100%
Smartpear Limited	UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN	Other information technology service activities	100%
Kraken Technologies Japan GK	KDX Hakozaki Building 8th Floor, 41-12 Nihombashi Hakozakicho, Chuo-ku, Tokyo, Japan	Business and domestic software development	100%
Kraken Bilgi ve Teknolojileri Danışmanlık ve Ticaret Ltd.	Yesilce Mah. Emirsah SK. No: 21A, Kagithane, Istanbul	Business and domestic software development	100%
Kraken Technologies Switzerland SARL	Route du Verney 20, 1070 Puidoux, Switzerland	Business and domestic software development	100%
Kraken Tech Australia Pty Ltd	'Como Centre' Suite 201 Level 2, 644 Chapel Street, South Yarra VIC 3141	Business and domestic software development	100%
Kraken Tech NZ Ltd	Floor 5, 10 Brandon Street, Wellington Central, Wellington, 6011, NZ	Business and domestic software development	100%
Kraken Technologies US Ltd	110 Main Street, Suite 300 Houston TX 77002 United States	Business and domestic software development	100%
Kraken Labs Limited	UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN	Business and domestic software development	100%
Sennen Tech Limited	UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN	Development of renewable asset management software	100%
AnySkill Technologies Gmbh	Lottumstr. 15 10119 Berlin	Development of renewable energy project management software	100%

12. Operating Leases

The Company has entered into a number of non-cancellable operating leases as lessee for which the total of future minimum lease payments are as follows:

	2024 £000s	2023 £000s
Within one year	**1,646,477**	–
Later than one year but within five years	**7,514,623**	–
Later than five years	**3,488,472**	–
	12,649,572	–

13. Tangible fixed assets

	IT equipment £000s	Furniture £000s	**Total £000s**
Cost			
At 1 May 2023	905	691	**1,596**
Additions	3,076	1,805	**4,881**
At 30 April 2024	3,981	2,496	**6,477**
Depreciation			
At 1 May 2023	(197)	(64)	**(261)**
Charge for the year	(724)	(104)	**(828)**
At 30 April 2024	(921)	(168)	**(1,089)**
Net book value			
At 1 May 2023	708	627	**1,335**
At 30 April 2024	3,060	2,328	**5,388**

14. Debtors

	2024 £000s	2023 £000s
Amounts falling due within one year:		
Trade debtors	**7,182**	24,993
Other debtors	**20**	23
Prepayments	**4,896**	1,986
Taxation and social security	**1,341**	-
Amounts owed by group undertakings	**43,910**	18,917
Amounts owed by related party	**1,017**	12,218
Accrued income	**15,279**	3,338
	73,645	61,475

Amounts owing to/from related parties are arm's length contracts with businesses who invest in the Group. These amounts are settled within the normal course of business trading.

15. Creditors

	2024 **£000s**	2023 £000s
Amounts falling due within one year:		
Trade creditors	**(5)**	(1,737)
Other creditors	**(5,791)**	(4,717)
Amounts owed to group undertakings	**(33,269)**	(26,768)
Deferred consideration	**(1,369)**	(3,018)
Accruals and deferred income	**(8,296)**	(3,626)
	(48,730)	(39,866)

This year there is no intercompany loan due to Octopus Energy Group Limited included in Amounts owed to group undertakings (2023: £11,000k).

Amounts owing to/from related parties are arm's length contracts with businesses who invest in the Group. These amounts are settled within the normal course of business trading.

Amounts falling due after one year:	**2024** **£000s**	2023 £000s
Deferred consideration	**(1,560)**	–

16. Called-up share capital

	2024 **£s**	2023 £s
Allotted, called-up and fully paid		
Ordinary shares of £1 each	**100**	100
	100	100

17. Share based payments

The Company's employees have been granted share options by the parent company, Octopus Energy Group Limited. The Company makes use of the exemption in Section 26 of FRS 102 to account for the expense. This is based on a reasonable allocation of the parent Company's total expense, considering where each individuals' employment contract is held. The Company has calculated its expense based on the number of share options granted and the estimated vesting over 48 months, adjusted for annual attrition rates.

18. Retirement benefit schemes

The Company operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company under the control of trustees.

Contributions accrue to the scheme for qualifying employees during the dates of their contracts of employment.

Contributions are usually made as a percentage of an individual employee's gross annual salary. The total costs charged to the Statement of comprehensive income of £476k (2023: £172k) represents contributions payable to the scheme by the Company.

19. Ultimate parent undertaking and controlling party

The immediate parent Company and controlling party is Octopus Energy Group Limited, a Company incorporated in the United Kingdom and registered in England and Wales. Copies of these financial statements can be obtained from the registered office Octopus Energy Group Limited, UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN.

The Group is owned by (i) Octopus Energy Holdco Limited (37.41%), which is itself owned by OE Holdco Limited, (ii) OE Holdco Limited (0.16%), (iii) Origin Energy International Holding Pty Ltd (22.18%), (iv) Tokyo Gas United Kingdom Ltd (10.02%), (v) GIM Willow (Scotland) LP (9.36%), (vi) CPP Investment Board (11.04%) and (vii) management and employees via a bare trust arrangement with Octopus Nominees Limited (9.38%). It is the opinion of the Directors that the Group and Company have no single controlling party but that OE Holdco has significant influence.

20. Related party transactions

The largest and smallest group in which the results of the Company are consolidated is that headed by Octopus Energy Group Limited, UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN. Copies of Octopus Energy Group Limited consolidated financial statements can be obtained from UK House, 5th Floor, 164-182 Oxford Street, London W1D 1NN.

The Company has taken advantage of the exemption available under paragraph 33.1A of the Financial Reporting Standard 102 not to disclose related party transactions with other wholly owned members of the Group. In accordance with FRS102 the Company is exempt from disclosing transactions with subsidiaries that are wholly-owned by the Group.

21. Subsequent events

Since the balance sheet date, KTL acquired Energetiq, an Australian based software company that provides energy billing reconciliation. The acquisition will help add network billing capabilities to Kraken. Post year end, KTL has also acquired a business called Jedlix B.V. who has developed a platform that provides smart charging services to car manufacturers, charge point operators, energy companies, and grid operators. This extends the flexibility offering within Kraken and allows KTL to bring smart charging services previously outsourced inhouse.

The Directors are not aware of any other matters or circumstances that have significantly or may significantly affect the Company.

Statutory Company information

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