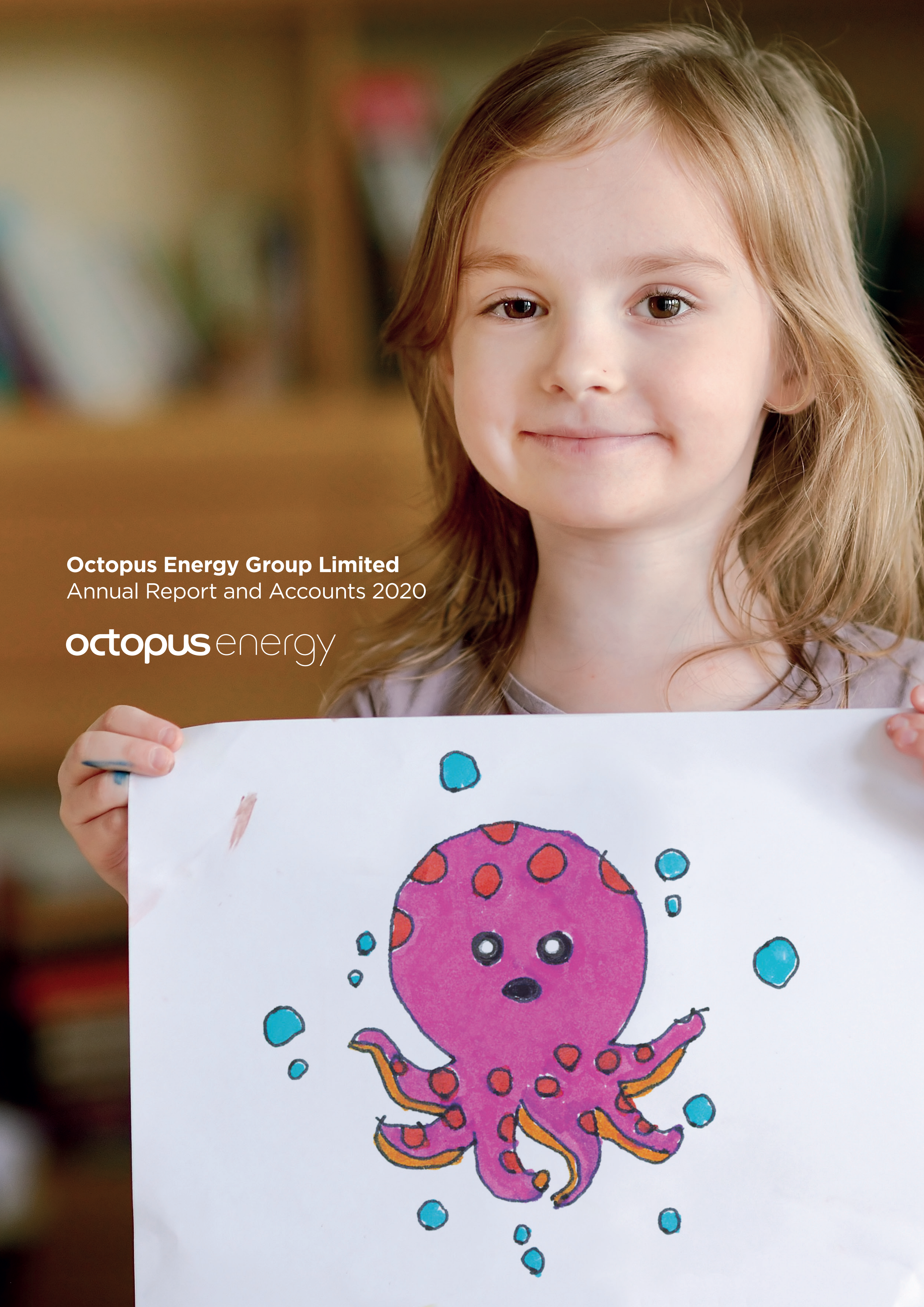
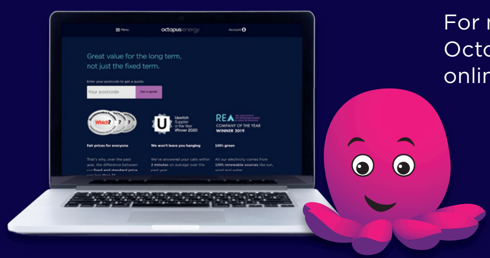


Octopus Energy Group Limited
Annual Report and Accounts 2020

Contents



For more information on Octopus Energy check us out online at **octopus.energy**

Company information

Directors
G Jackson
S Jackson
J Eddison
C Hulatt
S Rogerson
M Lawrence
J Briskin (Appointed 1 May 2020)

Company Secretary
Octopus Company Secretarial Services Limited

Company Registration Number
09718624

Registered Office
6th Floor
33 Holborn
London
EC1N 2HT

Auditor
Deloitte LLP
Hill House
1 Little New Street
London
EC4A 3TR

Bankers
HSBC plc
31 Holborn
London
EC1N 2HR

Directors' report

For the year ended 30 April 2020

The Directors present the annual report and the audited financial statements for Octopus Energy Group Limited ("the Company") and its subsidiaries, together forming the Octopus Energy Group ("the Group"), for the year ended 30 April 2020.

Principal activity

The Group is an energy technology (entech) pioneer. It encompasses businesses that engage in energy supply, both as a retailer and software platform provider; vehicle leasing; installation of smart meters and other energy related assets.

It is driving the green energy revolution through technology – there is no question that we need to move to a renewably powered world and away from 'dirty' fossil fuels in the fight against climate change and our proprietary software and platform is helping to facilitate the growth of a green energy system through a constant stream of innovations. From a consumer perspective, the Group is committed to unlocking cheaper, greener power for all, globally.

It does this both by deploying its proprietary technology directly within its own Octopus Energy branded supply businesses and also by leasing this technology to other energy supply businesses.

Future developments

The Directors expect the Group to continue growing rapidly through acquisition as well as organic growth during the forthcoming year and will continue to invest in technology to support platform growth, supplier efficiency, service quality and further innovation. Growth in customers on the Kraken platform will be through both the Group's own energy supply businesses in the UK and globally, as well as through more licence arrangements with other energy suppliers around the world.

Events after the balance sheet date

The Octopus Energy Group continues to develop at pace and subsequent to the balance sheet date, is in receipt of cash payments due in respect of investment from Origin Energy of £66.7m. The Group has also completed the acquisitions of Upside Energy Limited (£8.9m consideration), an energy tech business, two renewable generation SPVs (£5.7m) and Evolve Energy Inc. (£3.2m), providing the Group a presence in the United States.

With effect from 20 October 2020, the name of the Company was changed from Octopus Energy Holdings Limited to Octopus Energy Group Limited.

Dividends

The Directors did not recommend an interim or final dividend to be paid during the period (2019: £nil).

Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the reasons noted below:

The Directors have assessed the liquidity of the business, with focus on the sensitivities of the Group's cash flow from operations associated with a cold winter. These forecasts and projections have been reviewed with specific consideration to the current Coronavirus pandemic and the other risks and uncertainties set out in the Strategic Report. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements.

During this period, the Group has available to it £340m of committed funding through a mix of credit lines and contracted equity payments, some of which is being utilised as set out in the financial statements. The Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and consequently have prepared the financial statements on a going concern basis.

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.

It is the Board's priority to ensure that the Directors have acted both individually and collectively in the way that they consider, in good faith, would be most likely to promote the success of the Octopus Energy Group 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 he considers, in good faith, 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:

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

The following paragraphs summarise how the Directors' fulfil their duties:

Risk management
Risk management is a key function of the Board's role in oversight of the business and the Octopus Group's success in achieving its strategic objectives and mission.

The principal risks and uncertainties facing the Octopus Group are outlined in the Strategic Report.

Our people
We treat our people with respect reflecting the breadth of experience and insight they can share – nurturing a culture of empowerment and trust which encourages open, honest communication between all our staff and at all levels. From open access to our senior management team through any number of informal channels to our weekly, pan global 'Family Dinner' where we invite all 1,000 staff to come together to learn about business news and ask questions directly to our CEO.

This open culture is rewarded by an incredible sense of personal accountability from our team that underpins the excellence they deliver, and which again results in humbling accolades from customers and others. This wonderfully engaged and loyal team continues to develop as the business scales.

All permanent staff own a part of Octopus Energy, so derive added benefit from the ongoing growth and success of the business, helping to align employee values with those of other shareholders.

Our customers
We have built Octopus Energy on the strong foundation of obsessively and iteratively delivering outstanding experiences for our customers. We aim to deliver trust and joy through simple processes and honest relationships between our team and those who trust us to supply their energy, enabled by a unique operating model that works symbiotically with our award winning proprietary technology platform "Kraken".

Business relationships
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 clear on our business and personal principles, including our undertakings and provisions outlined in our Modern Slavery Statement.

We operate under the Prompt Payment Code for all suppliers that are onboarded to ensure that suppliers are paid on time, to provide them with clear guidance on our payments processes and to encourage good practice throughout the supply chain.

Community and environment
The Group is helping the world move towards a decarbonised future, underpinned by renewable power generation; our technologies support system-wide change to end the world's dangerous reliance on fossil fuels.

Alongside this, all the electricity we supply is matched by 100% renewable sources including wind, hydro and solar power from UK green generators. We are also strong supporters of locally-sourced renewable energy, working on the sharp edge of local energy innovation with numerous tech trials and constantly growing our base of 'community energy' contracts which now includes almost 100 small-scale renewable energy generators across the UK.

We, unusually for an energy company, would prefer our customers to burn less gas, but whilst we work for a world driven by green electrification we do offer a "Super Green" tariff which allows customers to offset the carbon associated with any gas they burn. They can do this for only a few pounds a month by supporting various renewable energy-based projects around the world.
We're incredibly proud that in 2019 the Renewable Energy Association gave us the award for 'the Company that's done the most to advance UK renewables'.

Shareholders
Our shareholders compromise three key groups.

1. Octopus Capital, who have supported our vision, mission, and growth since inception.
2. Origin Energy, our new investor from Australia who invested over £200m of equity into the Group. This investment will help the Group to grow internationally and continue to develop its supply business and associated technology.
3. Our people; our employees own a part of Octopus Energy, so derive added benefit from the ongoing growth and success of the business that they contribute to.

We are committed to openly engaging with our shareholders and all shareholder interests are represented at the Company's Board meetings. Employee shareholder interests – i.e. the interests of those that make up the Company – are represented by the three founding Board members. Minority corporate shareholders have additional Reserved Matter protections.

Business conduct
We aim to provide green energy in ways which are economically, environmentally and socially responsible. The executive team is deeply engaged in the detail of the business and relationships with key stakeholders, including customers. Senior executives monitor various forms of customer communication closely and all handle some customer communications directly to retain a first hand understanding of customer sentiment and the impact of our actions on customers as a business.

Directors' report (continued)

For the year ended 30 April 2020

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 deep understanding and appreciation of the activities each party undertakes and the constraints under which they work.

Directors

The Directors who served throughout the year were as follows:

G Jackson
S Jackson
J Eddison
C Hulatt
S Rogerson
M Lawrence
J Briskin (Appointed 1 May 2020)

Director's indemnities

The Company has made qualifying third party indemnity provisions 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 s418 of the Companies Act 2006.

Deloitte LLP has indicated its willingness to be reappointed for another term and a resolution to reappoint them will be proposed at the next Annual General Meeting.

Approved by the Board and signed on its behalf by:

Stuart Jackson
Chief Financial Officer

23 November 2020

Registered office:
6th Floor
33 Holborn
London
EC1N 2HT

Strategic report

For the year ended 30 April 2020

Octopus has grown from a UK-focused energy retail business to a rapidly growing Group, whose technology is a driving force in the transformation of energy in the UK and expanding globally.

Business review
Key highlights within the Group include:

- Octopus Energy's UK retail business has grown to a 6% UK market share, gaining net 767,494 customers and improving gross margin 575% from 0.8% (2019) to 5.4% (2020), increasing gross profit from £3.5m to £67m.
- Platform licensing deals totalling over £250m over the next 3 years with other energy suppliers – E.ON, Npower and Good Energy in the UK, and Hanwha and Origin Energy in Australia. 7m households are now contracted to access cheaper, greener power because of the Group technology.
- Continued innovation drive with its own smart meter and EV charging installation business (Octopus Energy Services), a specialist electric car leasing business (Octopus Electric Vehicles) and an energy business incubator (Octopus Energy Hatchery Limited).
- Employs nearly 600 staff across the UK and expects to create many more jobs in the UK and abroad, having now also expanded globally into 4 new countries, with its own branded operations in Germany and the USA, the leasing of its technology in Australia and a greenfield operation in New Zealand.
- Octopus Energy continues to collect accolades both from within and outside the energy sector, including being recommended by Which? for the third year in a row, a continuing top TrustPilot customer rating, and high Glassdoor employer rating. It has also won plaudits from a trilogy of respected awards for ethical business – the Business in the Community (established by the Prince of Wales) Awards, the Reuters Clean Energy Transition, and the Green Apple Environment Awards. We also won the coveted Amazon Scale-up awards for Innovation/Disrupter, and for Entrepreneur of the Year in Greg Jackson, our CEO. Additionally, we continue to hold numerous wins for our outstanding customer experience, including a top-30 ranking in the UK Institute of Customer Service Customer Satisfaction Index, the highest out of any utility, top place in the USwitch awards and many others.
- An ambition to serve 100m households through the Kraken technology platform globally by 2027.

Alongside our tremendous growth, we are most proud that we continue to put our awesome customers first.

Financial overview
We are delighted to have increased gross margin 575% from 0.8% to 5.4%, increasing gross profit from £3.5m to £66.9m. Revenue has increased by 160% year on year as a result of the significant growth in customers from 0.7m households to over 1.4m as of 30 April 2020. This growth has come from both organic customer acquisition and the acquisition of portfolios from other suppliers. Octopus Energy Group began generating software revenue this year, reflecting the onboarding of several clients during this period. The Group has also contracted to supply its Kraken platform to other energy retailers around the world in deals worth in excess of £250m.

The increase in operating and net losses is a reflection of our continued investment in rapid growth. Investments in brand, platform, continued obsessive focus on customers, together with technology-led pricing and risk management have enabled the Group to make material improvements in gross margin at the same time.

Intangible assets have increased from £36.1m as of 30 April 2019 to £92.1m as of 30 April 2020. This increase is predominantly due to the customer acquisition costs associated with the net additional 767,494 customers that have joined Octopus Energy since 30 April 2019, as well as an increase in goodwill from acquisitions made by the Group during the year.

Working capital balances continue to increase reflecting the scale of the business, timing of the seasonal working capital cycle of the Group's energy supply business and management of customer payment adequacy (i.e. working with customers to keep monthly direct debit amounts right for their projected consumption levels).

Key performance indicators

	30 April 2020	30 April 2019	% change
Accounts on Kraken platform	**2,720,785**	1,168,284	+133%
Octopus supplied households	**1,431,964**	666,503	+115%
OE Trust Pilot score	**9.6**	9.6	–
Glass Door score	**4.8-5.0**	–	–
Revenue	**1,241m**	477m	+160%
Gross margin	**5.4%**	0.8%	+575%
Operating loss	**(52)m**	(36)m	+44%
Net loss	**(53)m**	(33)m	+61%
Net assets/(deficit)	**98m**	(45)m	+318%

Strategic report (continued)

For the year ended 30 April 2020

At the end of April 2020, Octopus Energy Group announced an equity investment of over £200m from Australian company Origin Energy Pty in addition to new debt facilities totalling £200m backed by Origin and £40m from Octopus Group. This investment provides the Group with sufficient capital to continue its ambitious growth plan, both in the UK and overseas, over the medium term even in the event of a capital consuming cold winter and some incremental Covid-related non-payments.

The Covid pandemic struck prior to the end of this financial period and Octopus was able to immediately move to a remote working model and simultaneously improve operational performance. Octopus Energy has subsequently observed comparatively small increases in non-payment and the Group is sufficiently well capitalised to withstand meaningful increases in credit risk. Due to the high level of efficiency delivered by a combination of our proprietary technology, and our unique operating model, Octopus Energy continues to be able to have significant headroom to operate profitably below the energy price cap.

Principal risks and uncertainties

The Management Committee identifies, assesses, and manages risks associated with the Group's business objectives and strategy in the following categories:

Wholesale market risks

The Group faces wholesale market risks through its supply businesses, and in particular through Octopus Energy Limited. Octopus Energy follows a strict and sophisticated hedging policy, and does not speculate on market movements, nor does it assume, rely upon, nor benefit from, market movement in either direction. Octopus Energy makes forward commitments for power and gas delivery for each customer that is acquired or renewed onto a fixed price contract, for the duration of the term offered to the customer and allows for some expected attrition (the Company does not "lock in" customers with exit fees, and instead models attrition and allows for this). Daily adjustments are made to correct the wholesale position for variances in demand and renewable generation vs forecast. This largely locks in margin for customers across the life of their contracts and provides a basis for financial planning. Variances to expected margin for fixed products come about as a result of "shaping loss" (tailoring a hedge constructed from freely available market products to the specific consumption shape of the businesses portfolio) and "imbalance costs" (consumption turns out differently from hedged-for expectations). For customers on variable price contracts, Octopus Energy executes a rolling hedge that follows the price-cap methodology and effectively provides a six month hedge (against a product for which prices can be varied).

Cashflow and liquidity risk

The Group manages cash responsibly and has clear sight to expected cash requirements. The Group monitors financial risks at a business unit level and undertakes stress and sensitivity testing on forecast performance to ensure that sufficient capital is maintained across the Group. In conjunction with this, the Group maintains a mixture of funding and secured credit to ensure there is sufficient capital for current and future operations.

Commercial risk

The Group generates two principle types of commercial risk:

1. that generated by the competitive environment, against which the Group is relatively well placed as a result of its highly efficient operating model and
2. credit risk, which the Company manages through:
   (a) very high penetration of direct debit collections in consumer businesses
   (b) the application of credit risk data
   (c) close monitoring of customer account performance and strict processes for non-payment
   (d) close business relationships for business to business sales

Operational risk

Operational risk arises from a weakness or failure in a business's systems and controls. The Group relies on efficient and well-controlled processes, particularly with respect to its IT system and associated security.

The potential impact and likelihood of processes failing and operational risk materialising is assessed on a regular basis and aspects have been subject to external assessment.

Where these likelihoods are felt to be outside of the Directors' appetite for risk, management actions and/or control improvements are identified in order to bring each potential risk back to within acceptable levels. Octopus also has a disaster recovery plan in place covering current business requirements.

Brexit risk

The Group has considered the effect on the activities performed following the exit of the UK from the European Union. Although the final outcome is not yet clear, the conclusion was that the current business model would be sustainable in the event of a No-Deal Brexit and the Directors do not consider that there would be a material impact to the financial statements.

Covid risk

Since the reporting date of 30 April 2020, there has been an increase in market specific volatility and global uncertainty primarily driven by the outbreak of the Coronavirus (COVID-19). The situation has evolved rapidly but management have been able to harness smart meter data to obtain a near real-time understanding of how household behaviours have been changing throughout the pandemic and adapt hedging processes accordingly. In addition, the agile Kraken platform has afforded management real-time sight to payment performance and enabled early and varied interventions to manage potential payment stress. Overall, in recent months, the business has experienced limited impact from the pandemic on consumer bad debts and through limited exposure to commercial customers.

Approved by the Board and signed on its behalf by:

Stuart Jackson
Chief Financial Officer

23 November 2020

Registered office:
6th Floor
33 Holborn
London
EC1N 2HT

Directors' responsibilities statement

For the year ended 30 April 2020

The Directors are responsible for preparing the Annual Report and the consolidated and Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare consolidated and Company financial statements for each financial year. Under that law the Directors have elected to prepare the consolidated and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS102 "The Financial Reporting Standard applicable in the UK and the 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 Group and Company and of the profit or loss of the Group for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, including FRS 102, 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 Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and 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 Group and Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report

To the members of Octopus Energy Group Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Octopus Energy Group Limited (the 'Company') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 30 April 2020 and of the Group's loss 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 consolidated profit and loss account;
- the consolidated and Company balance sheet;
- the consolidated and Company statements of changes in equity;
- the consolidated statement of cash flows; and
- the related Notes 1 to 26.

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 Group and the parent 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

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other matters

As described in Note 1 to the financial statements, this is the first year that consolidated financial statements have been prepared since the incorporation of the parent Company. Therefore, we have not audited the prior year comparatives being the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows and the corresponding amounts for that year.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the strategic report and Directors' report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

Independent auditor's report (continued)

To the members of Octopus Energy Group Limited

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 Group's and the parent 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 Group or the parent 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.

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 Group and of the parent Company and their 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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 FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London United Kingdom
23 November 2020

Consolidated profit and loss account

For the year ended 30 April 2020

	Note	2020 £000s	2019 Unaudited £000s
Turnover	5	1,240,776	477,138
Cost of sales		(1,173,887)	(473,654)
Gross profit		**66,889**	3,484
Administrative expenses		(119,087)	(39,876)
Operating loss	6	**(52,198)**	(36,392)
Interest expense	12	(8,828)	(3,487)
Share of loss of joint venture	10	(60)	–
Loss before tax		**(61,086)**	(39,879)
Tax on loss	13	8,471	7,373
Loss for the financial year		**(52,615)**	(32,506)
Loss attributable to:			
Owners of the parent		(51,926)	(32,382)
Non-controlling interests		(689)	(124)

All amounts relate to continuing operations.

There is no other comprehensive income or loss and as such no separate statement of other comprehensive income or loss have been prepared.

The notes on pages 16 to 31 form part of these financial statements.

Consolidated and Company balance sheet

For the year ended 30 April 2020

		Group As at 30 April		Company As at 30 April	
	Note	**2020 £000s**	2019 Unaudited £000s	**2020 £000s**	2019 £000s
Fixed assets					
Intangible assets	14	**92,137**	36,076	**–**	–
Tangible assets	15	**995**	435	**–**	–
Investments	11	**–**	–	**8,855**	120
Investment in joint venture	10	**40**	–	**–**	–
		93,172	36,511	**8,855**	120
Current assets					
Debtors: amounts falling due within one year	16	**478,933**	99,400	**110,767**	–
Cash at bank and in hand		**23,279**	28,132	**–**	–
		502,212	127,532	**110,767**	–
Non current assets					
Debtors: amounts falling due after more than one year	16	**86,756**	–	**120,942**	57,977
		86,756	–	**120,942**	57,977
Creditors: amounts falling due within one year	17	**(583,766)**	(149,896)	**(47,979)**	(4)
Net current assets/(liabilities)		**(81,554)**	(22,364)	**62,788**	(4)
Total assets less current liabilities		**98,374**	14,147	**192,585**	58,093
Creditors: amounts falling due after more than one year	17	**–**	(59,574)	**–**	(58,107)
Net assets/(liabilities)		**98,374**	(45,427)	**192,585**	(14)
Capital and reserves					
Called up share capital	19	**29**	23	**29**	23
Share premium account	19	**198,600**	–	**198,600**	–
Other reserves	19	**431**	–	**431**	–
Retained earnings		**(100,658)**	(45,268)	**(6,475)**	(37)
Non-controlling interests	25	**(28)**	(182)	**–**	–
Total equity		**98,374**	(45,427)	**192,585**	(14)

The notes on pages 16 to 31 form part of these financial statements.

The financial statements of Octopus Energy Group Limited (registered number: 09718624) were approved by the Board of Directors and authorised for issue on 23 November 2020. They were signed on its behalf by:

Stuart Jackson
Chief Financial Officer

Registered office:
6th Floor,
33 Holborn,
London, EC1N 2HT

Consolidated statement of changes in equity

For the year ended 30 April 2020

	Notes	Called-up share capital	Share premium	Other reserves	Retained deficit	Equity attributable to the owners of the parent	Non-controlling interest	Total equity
At 30 April 2018 (unaudited)		**23**	**–**	**–**	**(12,886)**	**(12,863)**	**–**	**(12,863)**
Loss for the period		–	–	–	(32,382)	(32,382)	(124)	(32,506)
Acquisitions		–	–	–	–	–	(58)	(58)
Total comprehensive income for the year		–	–	–	(32,382)	(32,382)	(182)	(32,564)
At 30 April 2019 and 1 May 2019		**23**	**–**	**–**	**(45,268)**	**(45,245)**	**(182)**	**(45,427)**
Loss for the period		–	–	–	(51,926)	(51,926)	(689)	(52,615)
Total comprehensive income for the year		**–**	**–**	**–**	**(51,926)**	**(51,926)**	**(689)**	**(52,615)**
Shares issued	19	6	192,547	–	–	192,553	–	192,553
Shares issued for business acquisitions		–	3,431	–	–	3,431	–	3,431
Employee share scheme options	19	–	–	431	–	431	–	431
Total transactions with owners, recognised directly in equity	**24**	**6**	**195,978**	**431**	**–**	**196,415**	**–**	**196,415**
Acquisition of non-controlling interest	25	–	2,622	–	(3,464)	(843)	843	–
At 30 April 2020		**29**	**198,600**	**431**	**(100,658)**	**98,402**	**(28)**	**98,374**

Company statement of changes in equity

For the year ended 30 April 2020

	Note	Called-up share capital	Share premium	Other reserves	Retained earnings	Total equity
At 30 April 2018		**23**	**–**	**–**	**(37)**	**(14)**
Loss for the period		–	–	–	–	–
Total comprehensive income for the year		–	–	–	–	–
Balance as at 30 April 2019 and 1 May 2019		23	–	–	(37)	(14)
Loss for the period		–	–	–	(6,438)	(6,438)
Total comprehensive income for the year		**–**	**–**	**–**	**(6,438)**	**(6,438)**
Shares issued	19	6	192,547	–	–	192,553
Shares issued for business acquisitions	24	–	6,053	–	–	6,053
Employee share scheme options	19	–	–	431	–	431
Total transactions with owners, recognised directly in equity		**6**	**198,600**	**431**	**–**	**199,037**
Balance as at 30 April 2020		29	198,600	431	(6,475)	192,585

The notes on pages 16 to 31 form part of these financial statements.

Consolidated statement of cash flows

For the year ended 30 April 2020

	Note	2020 £000s	2019 Unaudited £000s
Cash flows from operating activities			
Loss after tax		(52,615)	(32,506)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation		32,461	9,524
Finance costs		8,828	3,487
Share of loss on joint venture		60	–
SBP/Share options*		1,979	–
Income tax credit		(8,471)	(7,373)
		(17,758)	(26,868)
Working capital adjustments			
Increase in debtors		(265,548)	(49,604)
Increase in creditors		180,578	23,125
Increase in provisions and accruals		108,524	74,884
		23,554	**48,405**
Income tax paid/received		–	–
Net cash generated from operating activities		**5,796**	**21,537**
Cash flow from investing activities			
Purchase of joint venture (net of cash acquired)		(100)	–
Purchase of intangible assets		(65,280)	(30,638)
Purchase of tangible assets		(886)	(47)
Purchase of subsidiaries (net of cash acquired)		(2,508)	1,517
Net cash used in investing activities		**(68,774)**	**(29,168)**
Cash flow from financing activities			
Acquisition of non-controlling interest*		–	–
Loans received		168,570	41,833
Loans repaid		(105,772)	(9,683)
Interest paid		(4,679)	–
Proceeds from issue of share capital*		6	23
Net cash generated from financing activities		**58,125**	**32,173**
Net increase/(decrease) in cash and cash equivalents		**(4,853)**	**24,542**
Cash and cash equivalents at the beginning of the year		**28,132**	**3,590**
Cash and cash equivalents at the end of the year		**23,279**	**28,132**

*Non-cash transactions include employee share options of £431k (2019: £nil), proceeds due from issue of shares which will be received during FY 20/21 and the acquisition of non-controlling interest which was funded via an equity share swap. The Company is a qualifying entity for the purposes of FRS 102 and has elected to take the exemption under paragraph 1.12(b) of FRS 102 not to present the Company statement of cash flow.

Notes to the consolidated financial statements

For the year ended 30 April 2020

1. Group and Company Information

Octopus Energy Group Limited (formerly known as Octopus Energy Holdings Limited) ('the Company') is a company limited by shares incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is 6th Floor, 33 Holborn, London, England, EC1N 2HT. The registered number is 09718624. The Company and its subsidiary undertakings together form the 'Group' for which consolidated financial statements are drawn up. The Group's principal activity is as an energy technology (entech) pioneer, driving the green energy revolution through technology. The Group encompasses businesses that engage in energy supply, both as a retailer and software platform provider; vehicle leasing; installation of smart meters and other energy related assets.

The comparative consolidated financial statements and respective notes for the year ended 30 April 2019 are unaudited.

2. Statement of compliance

The Group and individual financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

3. Summary of significant accounting policies

a. Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

The Company has taken advantage of the exemption in section 408 of the Companies Act from presenting its individual profit and loss account.

b. Going concern

The Directors have assessed the liquidity of the business, including sensitivity of cashflow from operations to a cold winter. These forecasts and projections have also been reviewed with specific consideration of the current Coronavirus pandemic in the UK, including the potential impact on our customer base. In particular, the business has experienced limited impact in recent months in terms of bad debts and the long contractual positions experienced by many commercial energy suppliers. Nonetheless, the Directors continue to monitor performance closely and consider the implications of economic trends and downside risk sensitivities.

The Company has received equity injections as well as access to financing through committed loans from banks and cash generated by some subsidiaries. The bank loans are backed by investor guarantees. The amounts utilised are set out in the financial statements.

Therefore the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and consequently have prepared the financial statements on a going concern basis.

c. Exemptions for qualifying entities under FRS102

The parent Company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS102 paragraphs 1.8 to 1.12. The following exemptions available under FRS102 in respect of certain disclosures for the parent Company financial statements have been applied:

- from preparing a separate company only statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows;
- from the financial instrument disclosures, required under FRS 102 paragraphs, 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statements of the ultimate parent;
- from disclosing share based payment arrangements, required under FRS 102 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 of the ultimate parent Company and the relevant disclosures are included therein; and
- from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

d. Basis of consolidation

The financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 30 April each year. Subsidiaries are those entities controlled by the Group or the Company. Subsidiaries acquired are consolidated in the financial statements of the Group from the date that control commences until the date control ceases, using the acquisition method of accounting. Intra-Group balances and any unrealised gains and losses or income and expenses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements.

The Group's joint ventures are accounted for using the equity method of accounting where the joint venture investments are carried at historical cost plus the Group's share of post-acquisition results, less any impairment in value. The Group recognises its share of the results of these equity-accounted operations after tax and interest in the income statement.

e. Foreign currency

i. Functional and presentation currency

The Group financial statements are presented in pound sterling and rounded to thousands.

The Company's functional and presentation currency is the pound sterling.

ii. Translation

The trading results of Group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year-end.

f. Revenue recognition

The Group recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Group retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the Group's sales channels have been met, as described below.

i. Income from energy supply

Energy supply revenue is recognised on the basis of electricity and gas supplied during the period and is attributable to the supply of electricity and gas. This includes an estimate of the sales value of units of energy supplied to customers between the date of the last meter reading and the year end. Any unbilled revenue is included in accrued income to the extent that is it considered recoverable, based on historical data.

ii. Income from licensing

Licensing agreements are in place between Kraken Technologies Limited and its customers, the revenue is based upon the contracted fee stipulated in the contract per each customer transitioned onto the Kraken platform. The revenue recognised is the total monthly fee for the total number of customers on the platform.

All other revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Group and value added taxes.

g. Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

i. Defined contribution pension plans

The Group operates a defined contribution pension scheme for employees and the pension charge represents the amounts payable by the Group to the scheme in respect of the year. These costs are included as part of staff costs (see Note 7) and pension (see Note 21). Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

ii. Share-based payments

Group

The Group awarded shares to certain employees and operates a share options scheme via its subsidiaries. The purpose of the programme is to provide long-term benefits to the employees, increase retention and drive improved performance. These share-based schemes are measured at fair value based on grant date, this liability takes into account the estimated number of share options that will actually vest, the grant price, and the current portion of the vesting period. The subsidiaries have recognised the expense taking into account the estimated number of share options that will actually vest, grant price, and the current portion of the vesting period.

Company

The Company has no employees and thus there is no charge in the profit and loss for the share-based payments.

Notes to the consolidated financial statements (continued)

For the year ended 30 April 2020

3. Summary of significant accounting policies (continued)

h. Interest

Interest payable and similar expenses include interest payable and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains. Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

i. Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account. Current or deferred taxation assets and liabilities are not discounted.

i. Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

ii. Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

j. Business combinations and goodwill

Business combinations are accounted for by applying the purchase method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Intangible assets are only recognised separately from goodwill where they are separable and arise from contractual or other legal rights. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group. Goodwill is amortised over its expected useful life which is estimated to be 5 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised.

k. Intangible assets

Intangible assets consist of:

i. Internally developed software costs

Cost is included to the extent that it can be recovered by future revenues and includes both external purchases as well as employment cost of the development team. They are amortised over the useful economic life of the asset. 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.

Any expenditure incurred that does not relate to development of the final asset in use is expensed as incurred. There was no such expense in the current period.

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.

ii. Capitalised acquisition costs
This is the direct cost of acquiring customers via different acquisition channels. Acquisition Cost is included at cost where it can be directly attributed to a customer. (Co-op, GB and Flow – £27.9m, Engie – £6.1m).

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

- Software: 3 years
- Customer acquisitions: 3 years

l. Tangible assets
Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the costs or valuation, less estimated residual value, of each assets on a straight line basis over its useful economic value as follows:

- Office Equipment: 3-5 years
- Motor vehicles: 3 years

Residual value is calculated on prices prevailing at the date of acquisition.

m. Leases
Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the life of the lease.

n. Investments – Company
i. Investment in subsidiary company
Investment in a subsidiary company is held at cost less accumulated impairment losses.

ii. Investment in joint venture
Investment in joint venture is held at cost less accumulated impairment losses.

o. Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

p. Provisions
A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are discounted where the impact of discounting the expected future cash flows is material.

q. Related party transactions
The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

Notes to the consolidated financial statements (continued)

For the year ended 30 April 2020

4. Critical accounting judgements and estimation uncertainty

In the application of the Group's accounting policies, 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.

Key source of estimation uncertainty — revenue recognition
Revenue includes an estimate of the sales value of units supplied to customers between the date of the last meter reading and the period end. This is calculated by reference to data received through third party settlement systems, together with estimates of consumption not yet processed through settlements and selling price estimates. These estimates are sensitive to the assumptions used in determining the portion of sales not billed and based on meter readings at the reporting date.

Key source of estimation uncertainty — amortisation of acquisition costs
The current amortization period for acquisition customer costs in Intangibles is 3 years however there is no reliable historical information to determine that this is appropriate. Management will continue evaluating the appropriateness of the estimate used as historical information becomes available.

Key source of estimation uncertainty – bad debt provision
The Group's key bad debt risk relates to energy customer balances, which are mitigated by a very high penetration of direct debit collections, close monitoring of customer account performance and strict processes for non-payment. In addition, management calculates a bad debt provision based on historic non-payment trends based on age of customer balances and uses these percentages to calculate the bad debt provision. This calculation is reviewed on a regular basis.

Key accounting judgement – acquisition of customer books
Management has exercised judgement in respect of assessing the acquisition of customers from Co-op Energy and Engie as asset acquisitions since the Company acquired the customer books and the associated working capital balances only. The cost of acquiring the customer books has been recorded as customer acquisition intangibles as set out in Note 14.

5. Turnover

Analysis by turnover by category:

	2020 £000s	2019 Unaudited £000s
Electricity supply	**696,086**	261,793
Gas supply	**531,358**	215,250
Services	**13,332**	95
	1,240,776	477,138

6. Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	2020 £000s	2019 Unaudited £000s
Wages and salaries	**18,067**	7,429
Social security costs	**1,755**	584
Other pension costs (Note 20)	**605**	193
Share options (Note 18)	**431**	–
Total staff costs	**20,858**	8,206
Amounts capitalised	**(1,901)**	(1,364)
Staff costs charged to profit and loss	**18,957**	6,842
Business acquisition costs	**3,640**	–
Depreciation of tangible fixed assets (Note 15)	**330**	132
Amortisation of intangible assets (Note 14)	**32,131**	9,393
Operating lease charges (Note 20)	**569**	579
Fees payable to the Company's auditor and its associates for the audit of the parent Company and the Group's consolidated financial statements	**80**	30
Fees payable to the Company's auditor and its associated for other services:		
– Audit of the Company's subsidiaries	**308**	130
Total amount payable to the Company's auditor and its associates	**388**	160

7. Employees and Directors

Group
The average monthly number of persons employed by the Group during the year was:

	2020	2019 Unaudited
Sales and administration	**551**	223

Company
The Company had no employees during 2020 or 2019.

Directors
The Director's emoluments were as follows:

	2020 £000s	2019 Unaudited £000s
Aggregate remuneration	**503**	464

Highest paid Director
The highest paid Director's emoluments were as follows:

	2020 £000s	2019 Unaudited £000s
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentives schemes	**159**	150
Company contributions to defined contribution pension schemes	**8**	6
	167	156

Notes to the consolidated financial statements (continued)

For the year ended 30 April 2020

8. Share-based payments

The Group has granted shares to certain employees and operates a share options scheme, which has an immaterial impact on the financial statements and so limited disclosure is provided.

Shares were granted to 3 Directors and 342 employees in 2015, 2016, and 2019. These shares were granted at fixed prices and are equity settled with The Group and can only be converted to cash based on restricted conditions, as these are privately held shares and there is no active market.

The Group's subsidiaries operate a share options scheme where employees have been granted options that vest over 48 months. The scheme was launched in April 2020, with options being granted to 291 active employees. Options were granted at a fixed price and vest over 48 months after the employees start date. Upon vesting, the options are converted to shares in OEGL.

9. Loss of the Company for the financial year

The Company's loss for the year amounted to £6,438k (2019: £0). The intercompany interest receivable during the year ended 30 April 2020 amounted to £4,627k (2019: £0) in the Company. In accordance with the exemption available under section 408 of the Companies Act 2006, no separate Profit and Loss account is presented in respect of the Company.

10. Investment in joint ventures

The carrying value of the Group's investment in the joint venture was as follows:

Group

	2020 £000s	2019 Unaudited £000s
At 1 May	**–**	–
Investment during the period	**100**	–
Share of loss	**(60)**	–
At 30 April	**40**	–

The Group holds a 50% investment in the joint venture Co-op Community Energy Limited. The investment is accounted for using the equity method. Greater detail is not disclosed on the grounds of materiality.

Company
The Company has no associates at 30 April 2020.

11. Investment in subsidiaries

Company

	2020 £000s	2019 £000s
At 1 May	**120**	120
Investment during the period	**8,735**	–
At 30 April	**8,855**	120

Interests in Group undertakings
The list of all subsidiaries is as follows:

Name	Address of registered office	Nature of business	Interest 2020	Interest 2019
Octopus Energy Limited	6th Floor 33 Holborn, London, England, England, EC1N 2HT	Trade of electricity and gas	100% ordinary shares	100% ordinary shares
Affect Energy Limited	6th Floor 33 Holborn, London, England, England, EC1N 2HT	Trade of electricity and gas	100% ordinary shares	100% ordinary shares
Octopus Energy Services Limited	6th Floor 33 Holborn, London, England, England, EC1N 2HT	Energy smart meter installer	100% ordinary shares	70% ordinary shares
Octopus Electric Vehicles Limited	6th Floor 33 Holborn, London, England, England, EC1N 2HT	Renting and leasing of cars and light motor vehicles	100% ordinary shares	100% ordinary shares
Leyland Metering Services Limited	6th Floor 33 Holborn, London, England, England, EC1N 2HT	Meter installation	100% ordinary shares	100% ordinary shares
Kraken Technologies Limited	6th Floor 33 Holborn, London, England, England, EC1N 2HT	Business and domestic software development	100% ordinary shares	–
Octopus Energy Hatchery Limited	6th Floor 33 Holborn, London, England, England, EC1N 2HT	Environmental consulting activities	75% ordinary shares	–
Octopus Energy Australia Pty Ltd	'Como Centre' Suite 201 Level 2, 644 Chapel Street. South Yarra VIC 3141	Provider of IT engineering services	100% ordinary shares	–
4hundred GmbH	4hundred GmbH, Ernst-Heimeran-Weg 10, 82319 Starnberg, Germany	Trade of electricity and gas	100% ordinary shares	–
Smart Meter MAP Limited	6th Floor 33 Holborn, London, England, England, EC1N 2HT	Renting and leasing of other machinery, equipment and tangible goods. Active proposal to strike off. (Dissolved 6 October 2020)	100% ordinary shares	100% ordinary shares

All of the above subsidiaries are included in consolidation. Investments in Affect Energy Limited and Leyland Metering Services Limited are through indirect ownership, all other investments are direct ownership.

The Group has a 50% share in the joint venture Co-op Community Energy Limited, a community based renewable generation company. The registered address is Co-Operative House Warwick Technology Park, Gallows Hill, Warwick, England, CV34 6DA.

12. Interest expenses

	2020 £000s	2019 Unaudited £000s
Interest expense on loans	**8,828**	3,487

Notes to the consolidated financial statements (continued)

For the year ended 30 April 2020

13. Taxation

(a) The taxation (charge)/credit is made up as follows

	2020 £000s	2019 Unaudited £000s
Current tax:		
Corporation tax on profits for the period	(1,779)	–
Foreign tax	(15)	–
Group relief	335	7,219
Adjustments in respect of previous periods	(253)	164
	(1,712)	7,383
Deferred tax:		
Deferred tax for the period	9,611	139
Adjustments in respect of previous periods	560	(149)
Impact of rate change on opening DT	12	–
	10,183	(10)
Total tax credit	8,471	7,373

(b) The taxation (charge)/credit is made up as follows

	2020 £000s	2019 Unaudited £000s
Loss on ordinary activities before tax	(61,086)	(39,879)
Loss on ordinary activities multiplied by the rate of corporation tax in the UK of 19% (2019: 19%)	11,606	7,577
Effects of:		
Disallowed expenses and non taxable income	(2,978)	(63)
Pre-trading losses	–	38
Difference in rate corporation tax and deferred tax	–	(20)
Adjustments in respect of previous periods	307	15
Difference in UK and overseas rate	(6)	–
Deferred tax not provided	(471)	(174)
Impact of rate change on opening DT	13	–
Total tax credit for the period	8,471	7,373

14. Intangible assets

Group

	Software £000s	Customer acquisitions £000s	Goodwill £000s	Total £000s
Cost				
At 30 April 2019 (unaudited)	4,801	42,538	600	**47,939**
Additions	3,019	79,614	5,559	**88,192**
At 30 April 2020	7,820	122,152	6,159	**136,131**
Amortisation				
At 30 April 2019 (unaudited)	(1,169)	(10,679)	(15)	**(11,863)**
Charge for the year	(1,929)	(29,462)	(740)	**(32,131)**
At 30 April 2020	(3,098)	(40,141)	(755)	**(43,994)**
Net book value				
At 30 April 2019 (unaudited)	3,632	31,859	585	**36,076**
At 30 April 2020	4,722	82,011	5,404	**92,137**

Company
The Company had no intangible assets at 30 April 2020 (2019: £nil).

15. Tangible assets

Group

	Office equipment £000s	Motor vehicles £000s	Total £000s
Cost			
At 30 April 2019 (unaudited)	794	–	**794**
Additions	625	266	**891**
At 30 April 2020	1,419	266	**1,685**
Depreciation			
At 30 April 2019 (unaudited)	(360)	–	**(360)**
Charge for the year	(290)	(40)	**(330)**
At 30 April 2020	(650)	(40)	**(690)**
Net book value			
At 30 April 2019 (unaudited)	434	–	**434**
At 30 April 2020	769	226	**995**

Company
The Company had no tangible assets at 30 April 2020 (2019: £nil).

Notes to the consolidated financial statements (continued)

For the year ended 30 April 2020

16. Debtors

	Group		Company	
i) Amounts falling due within one year	**2020 £000s**	2019 Unaudited £000s	**2020 £000s**	2019 Unaudited £000s
Trade debtors	**146,876**	44,137	**–**	–
Provision for doubtful debt	**(48,381)**	(9,518)	**–**	–
Amounts owed by Group undertakings	**–**	–	**1,368**	–
Amounts owed from related party	**110,482**	332	**109,245**	–
Other debtors	**7,965**	23,194	**154**	–
Prepayments	**54,609**	1,439	**–**	–
Accrued income	**207,382**	39,816	**–**	–
	478,933	99,400	**110,767**	–

Prepaid expenses include £49m of cash held by Industry parties such as network operators. During lower consumption periods some of this cash will be released. The comparative for 2019 is included within cash for a total of £6.5m.

Amounts owed from related party includes cash amounts owed from Origin Energy in respect of shares issued on 30 April 2020, of which £66.7m has been received post year end.

	Group		Company	
i) Amounts falling due after more than one year	**2020 £000s**	2019 Unaudited £000s	**2020 £000s**	2019 Unaudited £000s
Amounts owed by related party	**86,756**	–	**86,756**	57,977
Amounts owed by Group undertakings	**–**	–	**34,186**	–
	86,756	–	**120,942**	57,977

Amounts owed from related party includes cash amounts owed from Origin Energy in respect of shares issued on 30 April 2020.

17. Creditors

	Group		Company	
i) Amounts falling due within one year	**2020 £000s**	2019 Unaudited £000s	**2020 £000s**	2019 Unaudited £000s
Trade creditors	**32,797**	20,950	**–**	–
Other creditors	**200,830**	33,813	**–**	–
Amounts owed to Group undertakings	**–**	–	**5,000**	–
Amounts owed to related party	**126,570**	–	**37,236**	–
Accruals and deferred income	**223,569**	95,133	**5,743**	4
	583,766	149,896	**47,979**	4

Amounts owed to Group undertakings by the Company include £5m due to Kraken Technologies Limited (2019: £nil).

	Group		Company	
i) Amounts falling due after more than one year	**2020 £000s**	2019 Unaudited £000s	**2020 £000s**	2019 Unaudited £000s
Amounts owed to related party	**–**	59,574	**–**	58,107
	–	59,574	**–**	58,107

18. Tax provision

Group

	2020 £000s	2019 Unaudited £000s
Corporation Tax		
Corporation tax receivable/(payable)	(2,199)	77
Group Relief		
Group relief receivable/(payable)	567	10,348
Deferred tax assets/(liabilities)		
Opening deferred tax	(473)	(32)
Deferred tax provided on intangibles	(254)	(435)
Movement	10,222	(6)
Rate change	(39)	–
Closing deferred tax	9,456	(473)

	2020 £000s	2019 Unaudited £000s
Deferred tax		
Accelerated capital allowances	(11)	6
Short term timing differences	94	3
Losses	9,760	–
Intangible assets	(433)	(515)
Fixed assets	5	–
Research and development expenditure credit	33	4
Above the line credit for research and development	8	29
	9,456	(473)

Company

	2020 £000s	2019 £000s
Current assets		
Group relief debtor	91	6
Deferred tax		
Opening balance	–	–
Credit to Profit and Loss account	61	–
Provision for deferred tax	61	–
Total tax asset	152	6

Notes to the consolidated financial statements (continued)

For the year ended 30 April 2020

19. Share capital and other reserves

	Group and Company 2020 £s		Group and Company 2019 Unaudited £s
Allotted, called-up and part-paid		**Allotted, called-up and fully-paid**	
–	**-**	725,000 A Ordinary shares at £0.025 each	18,125
943,550 A1 Ordinary shares at £0.025 each	**23,589**	–	–
27,461 A2 Ordinary shares at £0.01 each	**275**	–	–
136,093 B Ordinary shares at £0.01 each	**1,361**	151,056 B Ordinary shares at £0.01 each	1,511
38,449 C Ordinary Shares at £0.01 each	**384**	42,843 C Ordinary Shares at £0.01 each	428
39,021 D Ordinary shares at £0.01 each	**390**	43,197 D Ordinary shares at £0.01 each	432
25,000 E Ordinary shares at £0.10 each	**2,500**	25,000 E Ordinary shares at £0.10 each	2,500
45,480 F Ordinary shares at £0.01 each	**455**	49,480 F Ordinary shares at £0.01 each	494
	28,954		23,490

The rights attaching to the respective classes of Shares shall be as follows:

Distribution rights

- in respect of any distribution declared on or after 23 November 2020, amongst the holders of the A1 Ordinary Shares, A2 ordinary Shares, the B Ordinary Shares, the C Vested Shares and the D Vested Shares (pari passu as if the same constituted one class of share).

Return of capital

In respect of assets, the surplus assets of the Company remaining after payment of its liabilities shall be applied in:

- first, in paying to the holder of the A1 Ordinary Shares, the A2 Ordinary Shares, the B Ordinary Shares, the C Ordinary Shares, the D Ordinary Shares and the E Ordinary Shares (pari passu as if the same constituted one class of share) an amount equal to the subscription price (inclusive of any premium) paid for such shares;
- second, in paying to the holders the E Ordinary Shares the aggregate amount of £10,000 (across the class), distributed equally and in proportion to the number of E Ordinary Shares held;

Share class	Voting rights	Dividends
A1	Yes	Yes
A2	Yes	Yes
B	Yes	Yes
C	No	Yes
D	No	Yes
E	Yes	No

During the year, the Company converted 725,000 A shares into 725,000 A1 shares issued a further 218,500 A1 shares during the year (2019: nil).

On 1 May 2020, Octopus Energy Group received £66.7m from Origin Energy, this was the first payment made in a series of tranches for the investment agreement, entered and signed on 30 April 2020.

Other reserves

	Group and Company	
	2020 £000s	2019 Unaudited £000s
At 30 April 2019	**–**	–
Share options	**431**	–
At 30 April 2020	**431**	–

6,475 share options have been awarded to employees, the options vest over a period of 24 to 48 months, with a graded weighting of 50% to 100% respectively. A portion of the total share expense will be recognised equally each year over the vesting period.

20. Capital and other commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

Group

	2020 £000s	2019 Unaudited £000s
Expiry date:		
Within 1 year	**569**	579
Between 2 and 5 years	**5,794**	1,051
After 5 years	**3,420**	–
	9,783	1,630

Company
The Company had no capital or other commitments at 30 April 2020.

21. Retirement benefit schemes

Group
The Group 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 Profit and Loss of £596k (2019: £193k) represents contributions payable to the scheme by the Company.

Notes to the consolidated financial statements (continued)

For the year ended 30 April 2020

22. Related party transactions

Group

The Group has taken advantage of the exemption under FRS102 Section 33 'Related Party Disclosures' paragraph 33.1A not to disclose transactions with certain Group companies on the grounds that the entities party to the transactions are wholly owned members within the same group.

i. Transactions with key management personnel

Total compensation of key management personnel in the year amounted to £503k (2019: £464k). Directors are deemed to be key management personnel and their remuneration is disclosed in Note 7.

ii. Transactions with ultimate parent Company

Amounts are owed to Octopus Capital Limited on secured loans for a total of £126,251k (2019: £53,082k) with interest accruing £10,371k (2019: £6,270k). Subsequently the loans with Octopus Capital have all been repaid after the year end.

iii. Transactions with shareholders

There are amounts due from shareholders for a total of £196m with £109m of this amount falling due after one year (2019:£nil). These amounts are primarily owed as part of the equity investment from investor Origin Energy for which £66.7m has been received post year end.

23. Controlling party

Group and Company

The ultimate parent Company is Octopus Capital Limited, a company incorporated in the United Kingdom and registered in England and Wales. Octopus Capital Limited prepares consolidated financial statements, and copies of these financial statements can be obtained from The Company Secretary, Octopus Capital Limited, 6th floor 33 Holborn, London, EC1N 2HT.

24. Business combinations

Group

i. Acquisitions in the current period

On 27 August 2019, the Group entered into a share purchase agreement to acquire 4Hundred GmbH a German based energy supply company. 100% of the share capital was purchased for a total consideration of £6,003k, this was made in part through a cash payment of £2,572k, with the remainder settled by share swaps. The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out in the table below:

	Book value £000s	Fair value adjustments £000s	Fair value £000s
Fixed assets	5	–	5
Customer acquisitions	–	1,339	1,339
Trade and other receivables	1,522	–	1,522
Cash at bank and in hand	79	–	79
Trade and other payables	(2,247)	–	(2,247)
Total identifiable assets/(liabilities)	(641)	1,339	698

Intangible assets were uplifted by the £1,339k to recognise customer acquisitions, giving a total fair value to the net assets of £698k. The total goodwill recognised was £5,304k, this is largely reflective of the opportunities that arise from the Group acquiring its first supply business in Europe, as a foothold for the Group's future expansion.

The Group increased its share in Octopus Energy Services Limited to 100% following a share swap to obtain the remaining 30% stake from the shareholders. The total value of the transaction was £2,622k and the Company had net liabilities at the acquisition date of £2,809k.

ii. Acquisitions in the previous year

In the prior year the Group acquired 100% of Affect Energy Limited on 31 August 2018 for cash consideration of £23k through its wholly owned subsidiary Octopus Energy Limited. The carrying value of the net liabilities at acquisition were reduced from £3,995k to £7k, as can be seen in the table below:

	Book value £000s	Fair value adjustments £000s	Fair value £000s
Fixed assets	104	–	104
Customer acquisitions	–	2,460	2,460
Trade and other receivables	1,341	–	1,341
Cash at bank and in hand	1,538	–	1,538
Trade and other payables	(4,925)	–	(4,925)
Borrowings	(2,053)	1,528	(525)
Total identifiable assets/(liabilities)	(3,995)	3,988	(7)

Fair value adjustments were made to intangible assets associated with customer acquisitions for a total of £2,460k. In addition to the write down of loans for £1,528k. Goodwill of £31k was recorded.

Subsequent to this 70% of Octopus Energy Services was purchased by the Group for £132, paid entirely in cash. The total net liabilities of the Company at acquisition were £191k, with £58k held by the non controlling interest. As part of the acquisition, goodwill of £134k has been recognised, this is derived from the value of bringing meter installation in house, giving rise to future economic benefit.

25. Non-controlling interests

Group
The movement in non-controlling interests was as follows:

	2020 £000s	2019 Unaudited £000s
At 1 May	**(182)**	–
Total comprehensive income attributable to non-controlling interests	**(689)**	(182)
Acquisition of remaining interest in Octopus Energy Services Limited	**843**	–
At 30 April	**(28)**	(182)

On 18 October 2019 the Group acquired 75% of the issued shares on incorporation of Octopus Energy Hatchery Limited, with a non-controlling interest of 25% recognised.

Subsequently, on 5 March 2020 the Group acquired the remaining 30% of the issued shares of Octopus Energy Services Limited for £2,622k through a share swap. The Group now holds 100% of the equity share capital of Octopus Energy Services Limited. At the date of acquisition the Group derecognised the carrying amount of the non-controlling interest of £842k and recorded a decrease in equity of £3,464k.

26. Subsequent events

The Group received cash payments from Origin Energy post year end for £66,755k due in respect of shares issued on 30 April 2020.

On 5 May 2020, the Group repaid all outstanding loan amounts and associated interest due to Octopus Capital for a total of £126,572k.

On 21 September 2020, the Group acquired 100% of the privately held shares of Evolve Energy Inc. an energy supply company in the United States. The transaction was comprised of cash and non cash elements totalling £3,187k ($4,100k).

On 30 October 2020 the Group purchased the entire share capital of Upside Energy Limited, a UK-based Distributed Energy Resource Management System, the purchase consideration was £8,961k. This comprised a £7,537k cash payment, £650k deferred consideration, subject to working capital adjustments and the remainder associated with convertible loan notes.

In addition, there was the acquisition of two special purpose vehicles Cefn Bach (Wales) (CB1) and Carr Farm (England) (GVO) which in turn own turbine assets. The turbines represent a total cost of £5.7m (£2.8m for CB1 and £2.9m for GVO).

Designed and produced by Thunderbolt Projects

Octopus Energy Group Limited is a company registered in England and Wales
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