Octopus Energy Limited

Annual Report and Financial Statements 2024

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What we do

As part of the Octopus Energy Group (OEGL, 'the Group'), Octopus Energy Ltd (OEL) supplies electricity and gas to 5.3 million customers across Great Britain as of 30 April 2024, (the acquisition of Bulb and its 1.4 million customers remain in a separate entity also owned by OEGL, Octopus Energy Operations Ltd (OEOL)). We are the most awarded energy supplier in the country, built on a foundation of obsessively delivering outstanding customer experiences.

Our mission is to transform the energy sector by advocating for fair customer protection and leveraging technology to develop innovative products that support the UK's transition to a decarbonised future. Powered by Kraken, the proprietary tech platform developed by Kraken Technologies (also part of OEGL), we are at the forefront of providing exceptional customer service, as well as fair and transparent pricing.

At the heart of OEL are our dedicated Energy Specialists. Their unwavering commitment to helping customers earned us recommendation from Which? for a record seventh consecutive year in 2024, and since year end we have been ranked as the top-rated energy supplier by Ofgem's Energy Consumer Satisfaction Survey.

> *"Our mission is to make energy smarter, greener and cheaper, and to be a force for change in the sector."*
>
> Greg Jackson, CEO and Founder

Operational review

This year marked another period of impressive growth for OEL, with our customer base reaching 5.3 million by year end (FY23: 3.5 million). Although the energy crisis began to subside and government support reduced, energy prices remained elevated compared to pre-crisis levels. Coupled with high inflation and rising living costs, this created a challenging environment for many of our customers. In response, we have continued to work tirelessly to support them through initiatives such as the Octo Assist Fund, distribution of electric blankets, and Saving Sessions. We have also maintained our policy of keeping SVT prices below the price cap through reduced standing charges, at a cost of £46m, because we believe this is the right thing to do.

None of this would have been possible without our incredible team of employees. Despite rapid growth this year, we have maintained very strong employee experience scores, with a Glassdoor rating of 4.1 – well above the platform's average of 3.75. In May 2024, we were proud to be named among the top 10 'Best Places To Work' by The Sunday Times. Our strong employer brand is reflected in the 60,000 applications OEL received in FY24.

Highlights this year include:

Continued growth in our customer base, driven by strong organic expansion and the acquisition of Shell Energy Retail Ltd (SERL, since renamed Octopus Energy Operations 2 Ltd, or OEO2L) with its 1.2 million customers in GB. These customers were migrated to the Kraken platform in record time — just 89 days from ramp-up to completion.

Our relentless focus on providing best-in-class customer satisfaction remains a top priority for OEL. This is reflected in our Trustpilot score, which rose to 4.8/5 this year (FY23: 4.7/5), despite significant growth in our operations and customer base following the acquisition of SERL. This achievement highlights the smooth migration of customers to the Kraken platform and our ability to rapidly onboard and train our teams to match migration speed.

Octopus Energy has always driven innovation in flexibility, which is set to play a crucial role in the future energy system, and we are accelerating our global leadership on flexibility. Across OEL and OEOL (but predominantly driven by OEL):

- By year end, we had 156,000 electric vehicles (FY23: 37,000) on Intelligent Octopus Go, our smart tariff that optimises charging for the cheapest and greenest times. Now the UK's most popular EV smart-charging tariff, it has helped save thousands of tonnes of CO_2 while significantly reducing our customers' EV charging costs.
- Intelligent Octopus has also expanded to cover heat pumps and home batteries, broadening its potential.
- Additionally, over 130,000 customers are now using our Agile and Tracker smart tariffs, which pass through daily price signals, enabling them to shift their consumption and lower their bills.
- During the winter, our customers collectively shifted nearly 2 GWh of energy use – equivalent to approximately 67 million cups of tea – during Saving Sessions, earning a total of £5.1 million as a result.

This year, we also introduced *Octoplus*, a programme designed to reward our smart meter customers for their engagement and support in making the grid greener. Through Octoplus, customers can earn Octopoints by participating in flexibility initiatives like Saving Sessions and Free Electricity Sessions, and customer referrals. These points can be redeemed for a variety of rewards, including discounts, exclusive offers, and even cash (bill credit). Octoplus not only incentivises smarter energy use but also enhances customer satisfaction and loyalty.

We continued this year to engage with policy makers and the Regulator to promote a stable and sustainable market which protects customers. Octopus has always rewarded our loyal customers by making our best deals available to our existing customers and we think the ban is changing the market for the better by forcing other suppliers to follow suit. Other topics we have engaged on are the future of the price cap and the delivery of programmes to enable greater consumer flexibility such as the smart meter rollout.

OEL has continued to receive industry recognition, both within and beyond the Energy sector – including:

- Named a Which? Recommended Energy Supplier, for the seventh year running
- Ranked as the top-rated energy supplier by Ofgem's Energy Consumer Satisfaction Survey (since year end)
- Retained our winning place and increased our customer satisfaction score in the Uswitch Energy Awards 2024 (since year end)
- Ranked as energy sector leader by Bain NPSx State of CX: 2023 UK Consumer Study (since year end)
- Ranked the highest energy company and awarded 'Best Application of Technology' by The Institute of Customer Service
- Won 'Company of the Year' at the UK Green Business Leaders awards
- Winner of 'Best Customer Experience' 'Best Company to Work For' and 'Overall Best Energy Supplier' awards at the UK Business Awards
- Winner of 'Customers at the Heart of Everything', 'Best Customer Centric Culture' and 'Best CX for Vulnerable Customers' at UK Customer Experience Awards

OEL is leading the charge toward an electrified, demand-centric energy future, with customers firmly at its heart.

Financial review

Revenue decreased by 16% year-on-year to £7.97 billion (FY23: £9.44 billion). This reflects a drop in wholesale energy prices, which had peaked during FY23 amid the energy crisis. However, this was offset from a business perspective by continued organic customer growth and the acquisition of SERL customers in the latter half of the year.

Gross profit increased year-on-year, partly due to Ofgem's decision to include a one-off allowance in the price cap, which applied to all suppliers enabling them to recoup losses incurred under the cap in FY23. Additionally, the stabilisation of wholesale energy prices and hedging positions contributed to the improved gross margin, which rose from 6.6% to 8.5% for the year. The proportion of customers on the Standard Variable Tariff (SVT) remained high, as expected since this was our most cost-effective non-smart tariff throughout FY24. We maintained our commitment to keep SVT prices below the price cap through reduced standing charges and continued to support struggling customers through the Octo Assist Fund and distribution of electric blankets. We also absorbed a significant increase in the cost of Renewable Energy Guarantees of Origin (REGOs) costs during the year. By purchasing REGOs we're continuing to support the ongoing development of renewable generation in the UK.

Bad debt charge for the year increased from 1.6% to 2.9% of revenue. This rise was partly due to the conclusion of the UK Government's Energy Price Guarantee and Energy Bills Support Scheme, which had reduced anticipated bad debt in FY23. As these interventions ended during FY24, and with high inflation and rising living costs persisting, we saw an increase in bad debt. We continue to work tirelessly to support customers struggling with their energy bills, offering tools to help manage consumption and payments, along with support through our Octo Assist Fund, payment plans, and energy-saving tips.

Despite higher gross profit, increased bad debt charge and marketing activities led to a slight reduction in operating margin from 2.6% to 2.3%. We also faced challenges from the sharp rise in the cost of providing Energy Company Obligation (ECO) scheme energy efficiency improvements, which outpaced general inflation and impacted all suppliers. Nevertheless, we maintained profitability due to our underlying competitive advantage, driven by tech-led operational efficiencies, innovative products, and outstanding customer service.

The Company's working capital ratio (current assets divided by current liabilities) decreased from 0.92 to 0.80, primarily due to cash outflows for the acquisition of SERL and deferred consideration to be paid in FY25 (recorded as a liability at 30 April 2024). The Company benefits from capital provided by its parent, OEGL, through equity and a currently undrawn debt facility, designed to offer additional support in the event of a cold winter.

FY24 marked the first year we transitioned from a net liability to a net asset position, with a significant improvement from -£64 million to £99 million, driven by profits generated throughout the year. The acquisition of SERL contributed £336 million in goodwill. The Company closed the year in a strong cash position, with no intercompany loans outstanding as of the year end.

KPIs

	30 April 2024	30 April 2023	% change
Customers[1] (million)	5.33	3.47	54%
Trustpilot score	4.8	4.7	2%
Glassdoor score	4.1	4.2	-2%
Revenue (£ billion)	7.97	9.44	-16%
Gross margin (%)	8.5	6.6	29%
Operating profit (£ million)	187	243	-23%
Net profit (£ million)	159	182	-13%
Net assets/(liabilities) (£ million)	99	(64)	255%

Future developments

The Directors expect the Company to continue growing organically during the forthcoming year. The Company will also complete the acquisition of Bulb through hive up, which will increase customer numbers within Octopus Energy Ltd and allow for greater economies of scale. OEO2L will continue to wind down until all industry costs are settled.

[1] This includes customers acquired through the purchase of Shell Energy Retail Limited during the year. It excludes Bulb customers that continue to be held within a separate company, also a subsidiary OEGL.

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[2].

Further details on stakeholder engagement are set out on page 15 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 OEL 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 the Company'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.

Management also reviews risks, on a weekly basis through a series of detailed operations reporting packs. OEL balances risk and agility through a sophisticated mix of stress testing, reporting and frequent senior-level oversight across the spectrum of risks. This enables the Company to understand and prepare for the impact of risk crystallisation and react quickly when required.

The principal risks and uncertainties facing OEL are detailed later in this strategic report.

Our people

People are the most important part of the Company and the Board is passionate about creating a business which people want to be part of. Everything we have built at OEL was built by our people and the continuous feedback loop from the people that make up our business allows us consistently to find better ways of working together.

[2] 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 Accounts 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.

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 OEL employee community often in the form of visits to OEL's London headquarters or regional offices.

All permanent staff own shares or are granted share options in OEGL, 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. Our Founders (who are Directors), and occasionally other members of the Board, typically host these or attend these meetings. During these sessions, employees are encouraged to ask questions directly to the CEO, CFO and CTO and to celebrate the achievements and challenges of their teams together.

Our customers

OEL is built on a foundation of obsessively delivering outstandingly positive experiences for customers and the Board is committed to upholding and promoting this. The fundamental principles of pragmatism, simplicity and honesty are ingrained in all areas of the business, including the Board. It monitors customer engagement through regular updates from the business on a whole range of customer metrics including Trustpilot scores, quarterly complaints performance, customer switching data, and market research including Customer Happiness Index (CHI) and Net Promoter Score (NPS). The result of this focus across all areas of the business, including the Board, is very high engagement with our customers.

Further details are set out within the Corporate Governance section.

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.

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 Company is helping the world move towards a decarbonised future, underpinned by renewable power generation and consumption. Our use of technology supports system-wide change to end the world's reliance on fossil fuels. We see consumer flexibility as key to achieving this by enabling the shifting of consumption to times when renewable power is cheap and abundant. We are also strong supporters of locally sourced renewable energy, pioneering local energy innovation with numerous tech trials and constantly growing our base of 'community energy' contracts.

The business also uses funds under its own control to support vulnerable and low-income households who are struggling with their energy bills, through the Octo Assist Fund.

Shareholders

We are committed to openly engaging with our shareholders and all shareholder interests are represented at the Company's Board meetings. The OEL Board comprises representatives from two of the Group's five major external shareholders and convenes formally on a quarterly basis to review business performance and discuss strategic topics and opportunities. Additionally, the shareholders meet annually for an Octopus Energy Group Strategy Day where they engage with Senior Management around longer-term strategic matters and topics that relate to the Company. In addition to these meetings, the Company provides a monthly financial performance reporting pack to all 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 supply energy and services in ways which are economically, environmentally and socially responsible. The Board is responsible for setting and monitoring these high standards of business conduct, including the culture and reputation of the Group, and receives regular updates at Board meetings.

The Company abides by our Modern Slavery Statement and is committed to ensuring that all operations are compliant with relevant laws. We also apply this philosophy to supplier relationships by carefully selecting partners and suppliers to work with based on a number of factors, including their integrity within their industry.

The Senior Management Team keeps the Board up to date with the business and relationships with key stakeholders, including customers. They monitor various forms of customer communication closely and all handle some customer communications directly to retain a first-hand understanding of customer and employee sentiment and the impact of our actions on customers as a business.

Our Board considers key stakeholders in all of its key decisions

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

Acquisition of Shell Energy Retail Ltd (SERL, since renamed Octopus Energy Operations 2 Ltd, or OEOL2)

The Board's decision to acquire SERL considered several key stakeholders. For customers, it allows us to provide outstanding customer experiences to more people and the swift migration to Kraken ensured a seamless experience. For shareholders, this strategic move supports long-term value growth by expanding our market share in the UK and Germany.

Principal risks and uncertainties

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

Wholesale market risk

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

For each customer that is acquired or renewed onto a fixed price contract, OEL makes forward commitments for power and gas delivery for the duration of the term offered to the customer, allowing for some expected attrition. Daily adjustments are made to correct the wholesale position for variances in demand and renewable generation versus forecast.

For customers in the UK on standard variable price contracts, the Company executes a rolling hedge that follows the price-cap methodology as set by Ofgem which operates on a three-month cycle. Due to the price cap calculation, we are able to amend the pricing of this product to reflect the hedge cost and therefore benefit from relatively stable margins in the variable book to the extent that customer refixing behaviour is stable.

This approach 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 result from 'shaping loss' (tailoring a hedge constructed from freely available market products to the specific consumption shape of the Group's portfolio) and 'imbalance costs' (consumption turns out differently from hedged-for expectations). These risks are monitored closely.

Cash flow and liquidity risk

We are a prudently run, profitable and strongly backed business. The Company manages cash responsibly and has clear sight to expected cash requirements, using both a multi-year long-term monthly financial model and a short-term daily cash flow model. It undertakes stress and sensitivity testing on forecast performance to ensure that sufficient capital is maintained through a set of quantified 'liquidity buffers' which reserve significant capital specifically to absorb potential liquidity risks. The stress testing includes the impact of cold weather and correlated material increases in wholesale price for this additional consumption volume, customer payment distress and other performance/ macro-driven potential shocks.

The Company operates financial models on two levels:

1. Detailed daily cash flow model that provides sight to the next three months. This is formally reviewed together with key liquidity drivers and other performance indicators on a weekly basis to ensure that short-term liquidity is optimised and to give early sight to potential changes in peak funding requirement.
2. 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 three years. Through this, the Company can plan cash flow and funding.

There are four principal risks to liquidity and the Company monitors these closely as well as utilising proprietary modelling/ forecasting tools:

1. Mark-to-market risk that arises from commodity price movements. The Company is not exposed to mark-to-market related liquidity risks as a result of the terms of an agreement with our wholesale supplier providing hedging services which removes the risk of cash calls resulting from wholesale market price changes, resulting in increased protection from short-term liquidity pressures.
2. Customer account management: the Company undertakes careful, systematic monitoring and

management of customer accounts to ensure that monthly direct debit amounts are suitable for consumption levels to avoid excessive debt/credit building up.

3. Customer attrition risk: the business has extensive data sets that enable sophisticated prediction of customer attrition, both at an individual customer level and across the portfolio, and aims to minimise it through investing in brand, customer experience and account features. The Company has also been careful to acquire customers across a range of channels to reduce the concentration of attrition risk.
4. Weather risk: the Company generally hedges to seasonally normal temperatures and when weather causes deviations customer consumption can outturn higher or lower than hedged leaving an exposure to, at times, volatile prompt prices. Exposures are mitigated by forecasting weather up to two weeks out and proactively placing trades to meet forecasted deviations. Additionally, the Company holds sufficient capital to protect against a modelled P5 deviation.

The Group maintains a mixture of equity funding and secured credit to ensure there is sufficient capital for current and future OEL operations, including under stress scenarios.

Commercial risk

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

Risk generated by the competitive environment, against which we are well placed thanks to the competitive advantage from our brand and customer loyalty, and access to the Group's proprietary software platform and associated highly efficient operating model.

We have a robust approach to managing credit risk in the retail business, focusing on debt prevention and debt resolution. Debt prevention is intrinsic to our wider business strategy which starts before customer onboarding through our acquisition strategy, use of credit scoring, and default Direct Debit payment method. The programme of prevention continues throughout the whole customer lifecycle aided by Kraken's debt management capabilities. However, despite our best efforts, sometimes people fall into arrears. For this reason, we also have a sophisticated debt resolution programme. This is fundamentally a human operation supported by a sophisticated programme that seeks to connect with the right people at the right time, with the most appropriate treatment to achieve the best outcomes. For some customers this means proactively offering support, for others it involves escalated measures to ensure they don't fall further into arrears.

There is supplier risk associated with our energy procurement as a result of the trading agreement that is in place. Through this, the majority of power and gas purchased by our UK retail entities is placed with one supplier.

Operational risk

Operational risk arises from a weakness or failure in a business's systems and controls. The Company continues to enhance its controls and processes, particularly with respect to its IT system and security. The potential impact and likelihood of processes failing 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 to bring each potential risk back to within acceptable levels. The Company also has a disaster recovery plan in place covering current business requirements.

OEL is built to minimise significant risks arising from operational process and system changes. Kraken enables the Company to maintain a highly granular, continuously updated view of key metrics in energy. By automating processes which elsewhere are delivered by humans and spreadsheets, the Company is able to deliver additional control and reliability through automated software testing and defined coding standards – as well as reducing manual error.

OEL continues to improve its security controls to address both the cyber attacks it detects and cyber risks that are tracked through internal risk management processes. Attacks seen in the year include credential stuffing and phishing attacks that are commonplace in any business, as well as Distributed Denial of Service (DDoS) attacks.

For the corporate IT environment, we continue to harden our Software-as-a-Service (SaaS) tools and put greater emphasis on identity and zero-trust controls. We ensure all staff can work securely whether they are working in one of our offices or any other location remotely, avoiding the operational impact of losing a business location. Through our supplier review processes and business continuity planning we mitigate risks from supply chain attacks and disruption.

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 re-platforming to another cloud provider would be possible.

Organic growth of OEL has resulted in an increase in the amount of data held. This includes personal data, including data defined as special category data under General Data Protection Regulation (GDPR). OEL takes the risk of a data breach very seriously not only from the perspective of the potential impact of fines through GDPR and the impact of reputational damage on business goals, but also the human impact on its 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.

Regulatory risk

Government regulation and decisions relating to the transition to Net Zero can have an impact on much of OEL. The Regulation team monitors changes through regular engagement with the Regulator and other bodies. Our operational teams have detailed knowledge of the requirements of their market, and our product teams participate in advisory boards and committees to help shape future regulation. We also maintain relationships with government departments and other stakeholders to ensure our business model is well understood and the implications for retailers and customers of policy changes are considered.

In FY24, we have been engaging with the Regulator on material issues including the price cap and Ban on Acquisition-only Tariffs, the incoming financial resilience framework and delivery of programmes to enable greater consumer flexibility such as the smart meter rollout and market-wide half-hourly settlement. We also engage regularly on wider energy transition policy issues including the need for planning reforms, grid reforms and market reform to introduce locational pricing. The Board is updated on material regulatory changes both while they are being developed and when implemented.

Governance

Corporate governance – Wates Principles

The Group is committed to and has applied the principles of corporate governance contained in the Wates Corporate Governance Principles for large private companies for the year ended 30 April 2024. Further explanation of how each principle has been applied is set out below.

Principle One: Purpose and Leadership

Our vision is to drive the renewable energy transition cheaper and faster through technology – for customers and the planet. The Company is deeply committed to enabling the decarbonisation of our energy system, and all its products and services are positioned to help do this as quickly as possible. OEGL is part of the UN Race to Zero, helping build momentum around the shift to a decarbonised energy system through our involvement in Business Ambition for 1.5°C (OEGL), and our leading position in Tech Zero. OEGL has committed to setting both near-term and long-term net zero targets with the Science Based Targets Initiative (SBTi). The Group is in the process of setting targets using FY24 as the baseline year and will submit these to the SBTi for verification by the end of the calendar year.

OEL's Board comprises investor representatives and founding executives. The Board believes that the OEL mission is of utmost importance with all members supporting OEL's vision and bringing different expertise and perspectives.

Customer centricity is at the heart of the Company's ethos, and this is a key focus for all Board members. In practice, this means holding ourselves to a higher standard than just 'treating customers fairly' and instead means a relentless focus on how we can create and deliver an even better customer experience for retail customers.

The Company's culture of autonomy, empowerment and trust was originally and decisively set by the founders plus those early joiners to management – all of whom are still in our C-suite today, as well as our initial investor, Octopus Capital. For more detail on how the Board engages with our people, please see 'Engaging with our stakeholders' on page 7. The relatively flat hierarchy cultivated across the Company provides managers with strong visibility across team practices and processes. Additionally, this allows employees access to appropriate channels both within and outside their teams in the event of a need to raise conduct or practice concerns.

The strategy of the Company is based on the principles of a renewables-led future energy system, of value flowing to an empowered consumer, and of the role of technology to drive efficiency and lower costs. These guiding principles are a frame of reference for decisions across the business.

For additional information on our vision and purpose, please refer to the strategic report – What we do (see page 3).

Principle Two: Board Composition[3]

The Board comprises six members, of which the current chairman is Simon Rogerson, CEO of Octopus Capital.

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[3] 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 Accounts 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.

There are two members from OEGL's initial investor, Octopus Capital Ltd, as well as three founders (our CEO, CTO and CFO), and one member from subsequent separate investors in OEGL. The Chair will proactively request input from each of the Board members to facilitate constructive debate on all topics.

Also in attendance at all Board meetings is a roster of external observers. These include further personnel from OEGL investors as well as our Director of Strategy and our Director of Strategic Finance. Between these Board members and observers, there is a wide range of experience across both the energy industry as well as other expertise. Other executives join Board meetings from time to time to contribute their expertise.

The size of the Board has been carefully considered to ensure the propensity for a broad debate as well as efficient decision-making. Board members have deep and current business experience in energy and other sectors.

In terms of communications, channels are open not only to top-level management and Executive Directors but also deliberately further down into the business. A matrix of formal and informal communication channels has been established across stakeholders and open access to the Board, Non-Executive Director and observers mean that employees are also 'part of the discussion' for key decisions such as large acquisitions or strategic resolutions.

Principle Three: Director Responsibilities

The Board has a clear understanding of, and is committed to maintaining, its accountability and responsibilities, including ensuring governance processes, systems and controls are fit for purpose and identifying initiatives to strengthen them. As the Company continues to grow, the Board recognises the need to ensure these processes and controls remain adequate.

The Board receives regular updates on both financial and non-financial performance. This in turn is provided to the Senior Management team by the Strategic Finance team. The Board and observers receive monthly packs on financials, which are comprehensive and contain information about the business. On top of this, ad hoc Board strategy discussion meetings are held periodically.

Last year OEGL created an Oversight Committee, which monitors and reviews the integrity of financial statements, significant reporting issues, accounting and hedging policies, and material financial and non-financial information presented. Internal working groups are also established flexibly as needed for Operations and Tech requirements (for example, Debt and Payments Working Group) or the Recruitment and Opportunities Working Group self-established by employees to promote ethnic diversity within the business. This self-determining feature is highly celebrated by the management team and will continue to be encouraged going forward.

For further information on how Directors fulfil their roles and discharge their responsibilities, please refer to the Directors' responsibilities statement on page 19.

Principle Four: Opportunity and Risk

The Board is regularly engaged in identifying opportunities to create and preserve value for OEL, as well as being aware of and monitoring major risks to the Company's future via the Audit Oversight Committee. Board approval is required for material investments and other major strategic decisions. Management typically embraces opportunities to move fast in low-risk ways, then learn and scale, but the Board provides guidance on the prioritisation of opportunities, especially at times when there are multiple attractive routes for potential capital investment.

Significant time is spent on larger risks (particularly financial) at Board level. The team uses scenario planning across multiple dimensions to inform decisions. Together with members of the Board, the Senior Management Team and Group analysts regularly evaluate and re-evaluate opportunities and any material risks that arise.

Principle Five: Remuneration

The Board has delegated remuneration to executives and the allocation of OEGL equity to employees has been managed through Board-approved policies. As founders, our Executive Directors are material shareholders, which naturally creates alignment between their remuneration and the performance, behaviours, purpose, values and strategy of the Group. However, as the Group's operations expand, so does the need for more sophisticated remuneration and oversight and therefore the Group plans to establish a Remuneration Committee.

Principle Six: Stakeholder Relationships and Engagement

The Board is aware of the influence it has on the stakeholders of OEL and is committed to promoting the values of fairness and transparency within the relationships with said stakeholders. With some stakeholders, such as potential investors or suppliers, the Board acts as an enabling channel.

On occasion, members of the Board may also join the weekly Family Dinner – whereby all employees are invited onto the same video conference and topics (both positive and negative) are discussed in an open forum. Family Dinner is a key channel for informing employees of the latest Company strategy. The Board is therefore welcome to join parts of OEL workforce discussions on an informal basis. On occasion, the Senior Management team may also request more senior employees to email or call members of the Board directly – either to provide an update on certain projects or to receive advice.

Finally, the wellbeing of our employees (circa 2,000 employees) is monitored more formally through the use of Officevibe – a platform that allows employees to indicate their level of happiness in the office on a daily basis, or as often as they wish. In the case that ratings are dipping, Team Leaders will follow up with the team to understand any challenges or issues. In this way, problems are often resolved quickly in an environment conducive to honest feedback.

For further information on how we engage with our stakeholders please refer to our Section 172 statement on page 7.

Directors' report

Future developments

We've included a statement on future developments in the Strategic Report which you can find on page 6.

Events after balance sheet date

Effective 30 September 2024, Octopus Energy Ltd acquired 100% of the issued and outstanding share capital of Octopus Energy Operations Ltd (OEOL) for a cash consideration of £349.5 million. OEOL is an energy retailer operating in the UK market. The investment in OEOL is classified as a subsidiary.

There have been no other events after the balance sheet date with a material impact on the Company.

Research and development activities

In FY24, there was expenditure of £40,234 incurred for research and development activities (FY23: £nil)[4].

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 7.

Financial risk management objectives and policies

The Company has a strict risk assessment and management policy in which strategic and operational risks to the business are considered. These include wholesale market risk, credit risk, cash flow and liquidity risk. The Company has policies in place to mitigate these risks.

With strict and sophisticated hedging policies, we ensure a prudent and tech-led approach to wholesale risk. Alongside cash flow management and planning, the Company ensures there is sufficient capital for current and future operations. For further detail on financial risk management please refer to principal risks and uncertainties on page 10.

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

The Company does not have any branches in or outside the UK.

Policy on employing people living with disabilities

At OEL, we work hard to hire, promote and treat people based on 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

[4] Most R&D expenditure on Octopus Energy branded products and services sit in other OEGL entities.

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.

Going concern

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

The Directors have assessed the liquidity of the business through a detailed going concern forecast and considered the associated hedge position required, which is procured through a third party without collateral requirements. There are significant peaks and troughs through the year with April generally the low point of the cash flow cycle. On the basis of funding available from OEGL, along with available facilities and trading lines, the forecast cash flow shows ample headroom through the going concern period even under stressed conditions reflecting reasonable sensitivities identified. The general approach to hedging expected supply requirements is set out on page 10 along with consideration of the Company's principal risks and uncertainties.

The Company has evolved a sophisticated financial forecasting model which it tracks and calibrates carefully based on actual performance and changes in both the Company's hedge book and forward wholesale market prices. The Directors have actively considered downside sensitivities of cash flows from operations including that which would arise from a cold winter. The Directors have evaluated risks based on historical weather data, which is used to model a range of increased consumption that could arise from an unusual, sustained cold winter weather event. This is considered together with significant but correlated wholesale price increases. The going concern analysis assumes that some customers are retained on the standard variable tariff reflecting the protections provided under the current price cap mechanism while a portion of customers are acquired onto or switch to our fixed products as the market softens.

Directors

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

Directors' indemnities

The Group 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 Group'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 Group'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

31 October 2024

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 to the members of Octopus Energy Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Octopus Energy 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 profit and loss account;
- 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 24.

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.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- financing and hedging facilities;
- business model, regulatory changes and medium-term risks;
- assumptions including customer behaviour related judgements used in the forecasts;

- amount of headroom in the forecasts (cash and covenants);
- sensitivity analysis including cold winter scenarios; and
- model used to prepare the forecasts, testing of clerical accuracy of those forecasts and our assessment of the historical accuracy of forecasts prepared by management.

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 group's ability to operate or to avoid a material penalty. These included the group's operating licence and UK Electricity and Gas Acts, Utilities Act, Energy Act, and licenses, legislations that surround the UK energy industry including Carbon Emissions, Renewable Obligation Certificates (ROCs), Levy Exemption Certificate (LECs) and Community Energy Saving Programme (CESP).

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.

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 and 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 FCA

Senior statutory auditor
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK
31 October 2024

Statement of profit or loss

For the year ended 30 April 2024

	Notes	2024 £m	2023 £m
Turnover	4	7,972.7	9,437.1
Cost of sales		(7,291.3)	(8,817.5)
Gross Profit		**681.4**	**619.6**
Administrative Expenses		(494.7)	(376.3)
Other operating income		–	–
Operating profit		**186.7**	**243.3**
Interest (payable) / receivable	8	17.3	(16.2)
Profit on ordinary activities before taxation	5	**204.0**	**227.1**
Tax on profit	9	(44.6)	(45.3)
Profit for the financial year		**159.4**	**181.8**

All amounts recognised in the statement of profit or loss relate to continuing operations for the years ended 30 April 2024 and 30 April 2023.

There is no other comprehensive income or loss and as such no separate statements of other comprehensive income or loss have been prepared. The notes on pages 27 to 42 form part of these financial statements.

Balance sheet

As at 30 April 2024

	Notes	2024 £m	2023 £m
Non-current assets			
Goodwill	10	335.6	–
Intangible assets	11	198.2	67.8
Tangible assets	12	11.8	7.8
Investments	13	130.9	–
Deferred Tax Asset	14	–	10.7
		676.5	**86.3**
Current assets			
Debtors – falling due within one year	15	1,720.2	1,529.1
Cash at bank and in hand		328.1	230.2
		2,048.3	**1,759.3**
Current liabilities			
Creditors - falling due within one year	16	(2,575.6)	(1,909.9)
Net current assets/(liabilities)		**(527.3)**	**(150.6)**
Total assets less current liabilities		**149.2**	**(64.3)**
Non-current liabilities			
Creditors – falling due after a year	16	(29.0)	–
Deferred Tax Liability	14	(20.9)	–
Net assets/(liabilities)		**99.3**	**(64.3)**
Capital and reserves			
Called-up share capital	17	–	–
Other reserves		11.2	7.0
Profit and loss account		88.1	(71.3)
Shareholders equity		**99.3**	**(64.3)**

The financial statements of Octopus Energy Limited (registered number: 09263424) were approved by the Board of Directors and authorised for issue on 31 October 2024. They were signed on its behalf by:

S Jackson
Director
31 October 2024

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

The notes on pages 27 to 42 form part of these financial statements.

Statement of changes in equity

For the year ended 30 April 2024

	Called up share capital £m	Share-based payment reserves £m	Profit and loss account £m	Total £m
At 30 April 2022 and 1 May 2022	–	3.2	(253.1)	(249.9)
Employee share scheme options	–	3.8	–	3.8
Profit/(Loss) for the period	–	–	181.8	181.8
At 30 April 2023 and 1 May 2023	**–**	**7.0**	**(71.3)**	**(64.3)**
Employee share scheme options	–	4.2	–	4.2
Profit/(Loss) for the period	–	–	159.4	159.4
At 30 April 2024	–	**11.2**	**88.1**	**99.3**

The notes on pages 27 to 42 form part of these financial statements.

Notes to the financial statements

1. Company information

Octopus Energy Limited ('the Company') is a private company, limited by shares, and incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in the strategic report under 'What we do'.

2. Significant accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and preceding year.

2.1 Basis of preparation

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 considered to be pounds sterling (£) because that is the currency of the primary economic environment in which the Company operates.

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 4 *Statement of Financial Position* paragraph 4.12(a)(iv);
B. The requirements of Section 7 *Statement of Cash Flows* and Section 3 *Financial Statement Presentation* paragraph 3.17(d);
C. The requirements of Section 11 *Financial Instruments* paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
D. The requirements of Section 12 *Other Financial Instruments* paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
E. 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;
F. The requirement of Section 33 *Related Party Disclosures* paragraph 33.7.

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 at UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN.

2.3 Going concern

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

The Directors have assessed the liquidity of the business through a detailed going concern forecast and considered the associated hedge position required, which is procured through a third party without collateral requirements. There are significant peaks and troughs throughout the year with April generally the low point of the cash flow cycle. On the basis of existing funding received from shareholders, along with available facilities Directors' report and trading lines, the forecast cash flows show headroom through the going concern period even under stressed conditions reflecting reasonable sensitivities identified. The general approach to hedging expected supply requirements is set out on page 10 along with consideration of the Company's principal risks and uncertainties including increased risks from recent cost of living increases. The Company assembles a set of sophisticated financial forecasting models from all divisions which it tracks and calibrates carefully based on actual performance. The largest cash flow movements are driven by the energy supply business and this forecasting includes changes in both the hedge book and forward wholesale market prices. Previous UK Government support measures arising over the winter of 2022/23 are not anticipated to continue in the forecasts, existing and new regulatory requirements arising over the period have been considered, and assumptions of increased customer movements (together with increased numbers of fixed price contracts) included. The Directors have also actively considered downside sensitivities of cash flows from operations including that which would arise from a cold winter in the context of the energy crisis. The Directors have evaluated risks based on historical weather data, which is used to model a range of increased consumption that could arise from an unusual, sustained cold winter during a winter month over the forecast period.

Octopus Energy Group Limited has previously received equity injections as well as access to financing through committed loans from banks, trading counterparties and cash generated by other Group businesses. The bank loans are backed by investor guarantees. The business also continues to actively consider further investments and additional working capital facilities or equity injections although the Going Concern position does not assume these additional facilities in the forecasts. Corporate investment across the Group and acquisition activity is continually monitored to reflect the economic and regulatory environment.

The Company has received a letter confirming ongoing financial support from its parent company Octopus Energy Group Limited that underpins the going concern position.

Following the detailed process above the Directors have a reasonable expectation 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.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Energy supply revenue is recognised on the basis of electricity and gas supplied during the year and is attributable to the supply of electricity and gas.

Revenue recognised includes an estimate of the sales value of units supplied to customers between the date of the last meter reading and the year end. Unbilled revenue is included in prepayments and accrued income to the extent that it is considered to be recoverable, based on historical data.

2.5 Cost of sales

Costs are recognised in line with revenue, with cost of sales recognised as costs relating to procuring and delivering electricity and gas to our customers during the year, as well as the cost to serve customers. Where actual invoices have not been received relating to the year, the latest industry data is used to ensure accuracy of accruals recognised.

2.6 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.

2.7 Intangible fixed asset

Intangible assets consist of software assets and costs of acquiring customers, which are amortised over the useful economic life of the asset from the point it becomes available for use. Amortisation is recognised as an administrative expense.

Software assets are included at cost to the extent that they can be recovered by future revenues, are amortised over a period of 3 years on a straight-line basis and are reviewed for impairment annually.

Development costs are 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 expenditure in the year (FY23: £nil).

Capitalised customer acquisition costs relate to the directly attributable cost of acquiring customers via various acquisition channels, including purchases from other suppliers. The assets are amortised over a period of 3 years on a straight-line basis.

2.8 Tangible 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 life as follows:

- Equipment: 3-10 years.

2.9 Financial Instruments

The Company enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

Debt instruments (other than those wholly repayable or receivable within one year), are initially measured at the transaction price (adjusted for transaction cost) and subsequently at amortised cost using the effective interest method.

Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

2.10 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.

2.11 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.12 Pension

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 6) and pension (see Note 19). Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

2.13 Share-based payments

Our Parent Company, Octopus Energy Group Limited (OEGL) operates an equity-settled, share based payment scheme, under which the Company receives services from employees as consideration for equity instruments in OEGL. 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 inputs 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.

An allocation of OEGL's total share-based payment expense is recharged to the Company, based upon where each individual's service is rendered, with a corresponding adjustment to equity.

3. Significant judgements and estimates

In the application of the Company'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. These estimates and 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 material future sensitivities for these estimates.

3.1 Key sources 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 end of the financial year. This is calculated by reference to data received through third party settlement systems, together with estimates of consumption not yet processed through settlements. These volume calculations are carried out on a meter-by-meter basis, and are multiplied by the customer's specific tariff to identify the revenue amount. There are also estimates associated with the values recoverable under the Electricity Price Guarantee scheme.

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. Further details on accrued income can be found in Note 14.

The consumption of energy by customers is dependent on several factors, including weather, cost of living, lifestyle and support received. In order to best estimate our revenue and costs we apply demand elasticity percentages, which estimate how demand may have changed between the most recent consumption data and year end. These percentages are calculated using smart meter data and only needed to be applied to the relatively small percentage of revenue and costs which remained unbilled at year end.

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. We do not expect material future sensitivities for these estimates and therefore no further information has been disclosed. Further details on revenue recognition can be found in Note 2.4.

Amortisation of acquisition costs

An estimate is made by management in determining the amortisation period for customer acquisition costs within intangible assets. We note that there is a rebuttable presumption that amortisation based on the revenue generated by an activity that includes the intangible asset must demonstrate that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. In this case, the intangible asset (being the monies spent in order to gain the customer) and the revenue generated (consumption of energy from the customer) are highly correlated. Had the Company not incurred the cost in order to acquire the customer, there would be no revenue generated from the customer. Therefore, the Company amortises the customer acquisition asset over the period it is expecting to generate revenue from the customer, this is deemed to be three years.

This estimate is dependent upon the period for which the Company expects to generate revenue from a customer. In determining the period for which we expect to consume the asset's future economic benefits we have reviewed the historic churn of customers. Any future revision to the amortisation period assumption would be accounted for prospectively and would impact the amortisation charge in future periods but have no retrospective impact on the carrying amounts as at this year end. Further details on amortisation can be found in Note 11.

Bad debt provisioning

The Company'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.

Management assesses billed debt and accrued income to estimate recoverability and a provision is recognised for the estimated balance that is unlikely to be recovered. The provision amount is derived from historic non-payment trends. The rate of provision is calculated based upon the age of customer balances, the method of payment involved, and the supply status of the customer. This calculation is reviewed on a regular basis.

Implicit in this method is the assumption that historic performance is reflective of future performance. Significant volatility in both the energy market and broader macroeconomic environment places additional emphasis on the consideration of this assumption. To address this risk, Management reviews a suite of key early warning indicators, macroeconomic data and regulatory changes on a regular basis to ensure that the provision rate assumptions are appropriate, and, where necessary, assumptions are updated. Based on historical performance, the Company expects that any revision within the next financial year to the level of bad debt provision attributable to the Company's energy customer balances outstanding as at 30 April 2024 is unlikely to be material.

Further details on provisions can be found in Note 14.

3.2 Other key accounting judgements

Accounting for government support schemes

The Energy Price Guarantee (EPG) scheme set a government supported unit price for both gas and electricity for domestic customers at a level below the quarterly-calculated price cap. The EPG scheme reduced the average annual domestic household bill for the period from 1 October 2022 to 31 March 2023 to approximately £2,500 per annum, following which EPG rates increased to approximately £3,000 per annum from 1 April 2023 until 31 March 2024, when the scheme ended.

The government compensated energy suppliers for the difference between the previously expected price cap and the reduced EPG rates with payments made in arrears. The Company estimates and recognises turnover in accordance with existing Company policy gross of EPG discounts. Charges are recoverable from customers based on the net figure, with the EPG discount recoverable from the government.

The Company recognised £231.8m of EPG scheme revenue relating to the supply of electricity and £41.3m relating to the supply of gas from the government during the year, of which a total of £20.4m remained unbilled and was included within accrued income as at year end.

The Company determined that it is appropriate to apply the requirements of FRS102 section 23 *Revenue* where the government is effectively settling a portion of customers' energy bills. This is on the basis that the Company remains entitled to receive consideration for the supply of electricity and gas based on either the existing price cap structure or customers fixed or variable priced contracts and the transaction price is unchanged. The trade receivable arising from the supply of energy is settled both by the customer, and the government. The Company observes that the alternative application of IAS 20 *Government Grants* would have resulted in a similar accounting outcome.

4. Revenue

Revenue is all generated by one segment, that of Energy supply and in the UK, hence no segmental or geographical analysis is required. An analysis of the Company's revenue is set out below:

	2024 £m	2023 £m
Domestic – Electricity*	4,643.4	5,041.4
Domestic – Gas	3,066.0	4,166.7
Commercial – Electricity*	237.0	195.4
Commercial – Gas	12.9	13.1
Other Revenue	13.4	20.5
Total	**7,972.7**	**9,437.1**

*The Company has recognised £273m (2023: £2,581m) of revenue recoverable from the Government in relation to the Energy Price Guarantee and Energy Bills Relief Scheme.

An amount of £6m (2023: £1,502m) was received, and applied in settlement of customers' accounts in respect of the Energy Bill Support Scheme. The cash was effectively received from the government and passed on to customers' and there was a net £Nil presentation in respect of this cash in the Company's income statement.

5. Operating profit

The operating profit is stated after charging:

	Notes	2024 £m	2023 £m
Direct energy costs		4,160.9	6,536.8
Network transmission costs		1,540.9	1,244.6
Other direct costs		1,589.5	1,036.1
Marketing costs		56.3	33.8
Amortisation of intangibles	11	54.4	72.9
Depreciation of tangible fixed assets	12	5.1	2.4
General admin expenses		44.0	29.6
Provision for doubtful debt		231.0	153.2
Legal and professional		18.1	13.3
Staff and consultancy costs		85.8	71.1
		7,786.0	**9,193.8**

The above presentation reflects the breakdown of operating expenses by function of expense. Included in legal and professional is Auditors remuneration of £1m (2023: £1m) relating to the audit of the financial statements. The Company's auditor did not provide any non-audit services to the Company (2023: nil).

6. Staff costs

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

	2024	2023
Administration and sales	1,739	1,579
	1,739	**1,579**

Their aggregate remuneration comprised:

	2024 £m	2023 £m
Wages and salaries	61.2	51.5
Social security costs	5.6	4.0
Other pension costs (See note 19)	2.5	1.9
	69.3	**57.4**

Other pension costs include those items included within administrative expenses.
The company has capitalised £Nil (2023: £Nil) of salary and £Nil (2023: £Nil) of social security costs as part of intangible assets.

7. Directors' Remuneration and Transactions

At the balance sheet date retirement benefits were accruing to Nil Directors (2023: Nil) in respect of defined contribution pension schemes. Three Directors are remunerated by other Group companies and the remaining Directors are employed by the Company's shareholders. None of their remuneration is specifically in respect of the Company.

8. Interest

	2024 £m	2023 £m
Loan interest payable	(3.8)	(8.8)
Interest on debt factoring arrangement *	(1.8)	(16.7)
Levy interest receivable**	–	(15.2)
Interest on bank balances	21.0	4.1
Interest on security deposits	1.9	–
	17.3	**(16.2)**

* As part of the agreement signed by Octopus Energy Limited in May 22 to factor receivables related to the Avro Supplier of Last resort, interest was payable in relation to the factoring of the receivable, included within other interest payable is £1.8m (2023: £16.7m) of this interest.

** Under Ofgem's regulatory framework, relevant costs incurred as a result of taking on customers from suppliers that have exited the energy market, are recoverable through the levy. The Company claimed £Nil (2023: £15.2m) in respect of cost of capital from the levy.

9. Tax on profit on ordinary activities

	2024 £m	2023 £m
Current tax charge/(credit)		
UK corporation tax (25%)	9.4	19.2
Group relief	44.5	7.7
Adjustment in respect of previous periods	(3.6)	(2.2)
Total current tax charge	50.2	24.7
Deferred tax		
Origination and reversal of timing differences	(6.3)	21.1
Rate change	–	(2.4)
Adjustments in respect of previous periods	0.7	1.9
Total deferred tax in the year (see note 14)	(5.6)	20.6
Total tax recognised in Statement of Profit and Loss	44.6	45.3

Deferred tax has been calculated at 25%

Factors affecting tax credit for the year

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (25%)

The differences are explained below:

	2024 £m	2023 £m
Profit/(loss) on ordinary activities before tax	204.0	227.1
Charge on profit on ordinary activities at blended UK corporation tax rate of 25% (2023: 19.49%)	51.0	44.3
Effects of:		
Disallowed expenses and non-taxable income	0.6	0.4
Fixed asset differences	–	(0.3)
Other permanent differences	0.5	–
Adjustments to losses	–	(0.9)
Adjustments in respect of previous periods	(3.0)	(0.3)
Group relief claimed	(44.8)	(8.8)
Payment for group relief	44.5	8.8
Change in tax rates	–	2.1
Deferred tax not recognised	(4.1)	–
Tax charge for the year	44.6	45.3

The standard rate of tax applied to the reported profit on ordinary activities is 25% (2023: 19.49%). 25% is the tax rate enacted by the UK Government effective from 1 April 2023.

10. Goodwill

	2024 £m	2023 £m
Goodwill	335.6	–

The Company acquired 100% of the ordinary share capital of Shell Energy Retail Limited during the year as set out in note 13.

The customer book and related balance sheet positions of Shell Energy Retail Limited were subsequently hived up into Octopus Energy Limited, resulting in the recognition of Goodwill. Further details on the acquisition are provided at Note 22.

11. Intangible Assets

	Software £m	Customer acquisition £m	Total £m
Cost			
At 30 April 2023	1.1	315.1	316.2
Additions	–	184.9	184.9
Disposals	–	–	–
At 30 April 2024	**1.1**	**500.0**	**501.1**
Amortisation			
At 30 April 2023	(0.8)	(247.6)	(248.5)
Charge for the year	(0.3)	(54.1)	(54.4)
Disposals	–	–	–
At 30 April 2024	**(1.1)**	**(301.8)**	**(302.9)**
Net book value			
At 30 April 2023	0.3	67.5	67.8
At 30 April 2024	**–**	**198.2**	**198.2**

12. Tangible Fixed Assets

Cost	Equipment £m	Total £m
At 30 April 2023	12.1	12.1
Additions	9.1	9.1
Disposals	–	–
At 30 April 2024	**21.2**	**21.2**
Depreciation		
At 30 April 2023	(4.3)	(4.3)
Charge for the year	(5.1)	(5.1)
Disposals	–	–
At 30 April 2024	**(9.4)**	**(9.4)**
Net book value		
At 30 April 2023	7.8	7.8
At 30 April 2024	**11.8**	**11.8**

13. Investments

	2024 £m	2023 £m
Investment in Shell Energy Retail Limited	130.9	–

The Company acquired 100% of the ordinary share capital of Shell Energy Retail Limited during the year for consideration of £429m. The investment was recognised at cost less impairment.

The energy retail business, comprising the customer book and related balance sheet positions, of Shell Energy Retail Limited was subsequently hived up into Octopus Energy Limited. The excess investment balance over the remaining net assets in Shell Energy Retail Limited following hive up was transferred to Goodwill (Note 10).

Further information is provided in Note 22 to these financial statements.

14. Debtors

Amounts falling due within one year:	2024 £m	2023 £m
Trade debtors	1,596.9	825.8
Provision for doubtful debt	(696.6)	(270.8)
Amounts owed by group undertakings	111.9	39.8
Other debtors	9.5	9.5
Prepayments	177.3	171.4
Accrued income	521.2	753.4
	1,720.2	**1,529.1**

Prepayments include £166.8m (2023: £160.1m) of cash held by industry parties such as network operators. During lower consumption periods some of this cash will be released.

Included within accrued income is £20.4m (2023: £286.1m) relating to EPG revenue not yet billed. Management regularly assesses the provision for doubtful debts. Provision rates are calculated based on historic non-payment trends. Implicit in this method is the assumption that historic performance is reflective of future performance. The provision rates are applied to the different ages, payment methods and supply status of customers to determine an appropriate provision.

The movement in the allowance for doubtful debts is presented below:

Billed	2024 £m	2023 £m
Opening balance	270.8	164.5
Charged to administrative expenses	211.2	159.6
Movement in Avro provision	(1.4)	(17.5)
Shell Energy Retail Limited provision	236.3	–
Receivables written off	(20.3)	(35.8)
Closing balance	**696.6**	**270.8**

Given the seasonality of energy consumption across the year, customer balances fluctuate and as a result a debit position does not necessarily mean that customers are at risk of non-payment or should be credit impaired. Our bad debt provision is based on customers with overdue debt, where customers have not met a payment obligation. It is the payment obligation that is used as the mechanism to determine the age of the debtors. If payments made do not cover the obligation for a customer, there is a shortfall on the obligation. The shortfall of a customer is used to determine how much of the customer's debt is provisioned.

The ageing of overdue debt is as follows:

Ageing	Net trade receivables overdue £m
1 - 30 days	66.5
31 - 60 days	48.0
61 - 90 days	44.9
91 - 180 days	48.2
181 - 270 days	30.3
271 - 365 days	20.8
366 days +	34.7
	293.40

The ageing of gross trade receivables overdue and provision for doubtful debt includes trade receivables balances from the acquisition of Shell Energy Retail Limited during the year ended 30 April 2024. There is an additional £9m (2023: £11m) of provision in relation to the Avro debt book acquired in the previous financial year as well as £80m (2023: £22m) of provision against non-aged receivables.

15. Deferred Taxation

	2024 £m	2023 £m
At beginning of year	10.7	31.3
Recognised during year	(31.6)	(18.7)
Adjustment in respect of prior years	–	(1.9)
At end of year	**(20.9)**	**10.7**

16. Creditors

Amounts falling due within one year:

	2024 £m	2023 £m
Trade creditors	103.0	55.6
Other taxation and social security	2.6	0.7
Other creditors*	888.5	804.6
Amounts owed to group undertaking	381.8	60.2
Accruals and deferred income	1,199.7	988.8
	2,575.6	**1,909.9**

* Included within other creditors is a balance of £820.0m (2023: £523.0m) relating to customer prepayments. Included within other creditors is a balance of £5.7m (2023: £234.2m) relating to EPG overpayments by the government.

Amounts falling due after one year:

	2024 £m	2023 £m
Other creditors	29.0	–
	29.0	–

Other creditors due after one year relates to deferred consideration payable for the acquisition of Shell Energy Retail Limited during the year. Further detail provided in note 13.

17. Called-up share capital

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

The Company did not issue any ordinary shares during the current or prior year.

18. 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.

19. 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 profit and loss of £2.5m (2023: £1.9m) represents contributions payable to the scheme by the Company.

20. Ultimate parent undertaking and controlling party

The immediate parent Company and controlling party is Octopus Energy Group Ltd, 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.

21. Related party transactions

The largest 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, United Kingdom, 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.

As at 30 April 2024, the Company owed £nil (2023: £nil) to Octopus Capital Limited. The Company owed £73m (2023: £28m) to Octopus Energy Group Limited. The balance owed related to general intercompany balances which are settled monthly and did not relate to a loan.

22. Acquisition of Shell Energy Retail Limited

On 30 November 2023, Octopus Energy Limited acquired a 100% effective and dilutive interest in Shell Energy Retail Limited (SERL) and its subsidiary Shell Energy Retail Poland Sp. z o.o. for consideration of £429m.

SERL operated as an energy and telecommunications retailer in the UK. As telecommunications is not core to the Octopus Energy strategy, on 31 January 2024 the Telecommunication net assets were disposed of in an asset transfer to TalkTalk for consideration of £15.3m.

The investment was made for initial cash consideration of £278m with additional deferred contingent consideration amounting to £151m. The majority of the deferred consideration amount was determined by reference to the number of meter points held in the Shell energy retail business on the date of acquisition to be settled over the two years following.

Following the initial acquisition of SERL, Octopus Energy Limited began the process of hiving up the energy business into the Company. This resulted in customers being migrated to the Octopus Energy Limited energy licence and was completed over a period of time owing to market switching constraints. All 1.2m customers were fully migrated into Octopus Energy Limited by 30 April 2024.

The SERL customer list was recorded as an intangible asset at acquisition, and deferred tax is recognised on the intangible asset. A summary of the assets and liabilities carried over from SERL into OEL can be seen below.

	£m
Customer Relationship intangible asset	149.4
Trade Debtors	140.2
Accrued Income	146.2
Provision for Bad Debt	(236.4)
Deferred Income	(189.4)
Net assets transferred	**10.0**

Following the hive up of net assets, the carrying value of the initial investment made into SERL was reduced to reflect the remaining net assets within SERL and Goodwill recognised in line with the requirements of FRS 102, Section 19. This has been illustrated below:

	£m
Initial Investment value:	429.3
Remaining Net Asset Value within SERL post hive up:	(130.9)
Deferred tax arising on Intangible assets:	37.3
Goodwill	**335.7**

Following acquisition, SERL was renamed Octopus Energy Operations 2 Limited (OEO2L). As a wholly owned subsidiary of Octopus Energy Group Limited (see note 20) which prepares consolidated financial statements for the group, including the Company and its subsidiary OEO2L, the company has taken advantage of the Companies Act 2006 exemption under s400 from preparing consolidated financial statements. At 30 April 2024, OEO2L held aggregate capital and reserves of £181.3m and earned profit of £133.2m for its financial reporting period of the 16 months then ended.

The registered office address of Octopus Energy Operations 2 Limited is UK House, 5th Floor, 164-182 Oxford Street, London, England, W1D 1NN.

23. Commitments

There were no material commitments at year end (2023: nil)

24. Subsequent events

Effective 30 September 2024, Octopus Energy Limited acquired 100% of the issued and outstanding share capital of Octopus Energy Operations Limited (OEOL) for a cash consideration of £349.5m. OEOL is an energy retailer operating in the UK market. The investment in OEOL is classified as a subsidiary.

Statutory Company information

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09263424

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