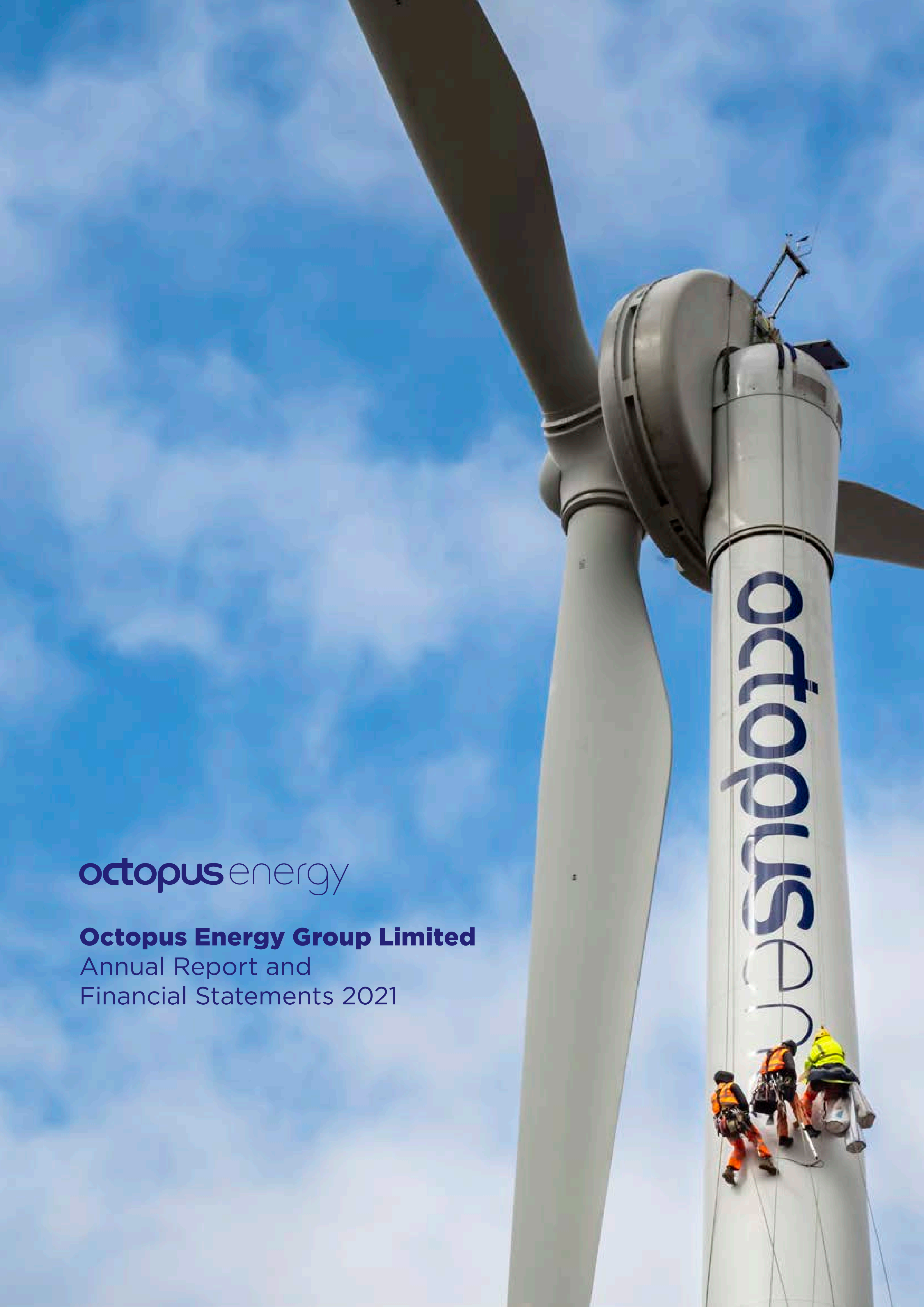

Octopus Energy Group Limited

Annual Report and
Financial Statements 2021

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"Our goal to bring cheaper, greener energy to the world using technology is becoming a reality faster than ever."

CEO's foreword

"Our goal is to change the global energy system for the better, and there isn't a minute to waste."

The last year has seen momentous change at Octopus Energy Group. Our award-winning energy retail business and world-leading technology platform Kraken have become powerful springboards.

These springboards are helping Octopus Energy Group (OEG) develop a strong position in the global decarbonisation of heat. We have created a group that spans 12 countries, with over 17m customers licensed to our Kraken platform, 3.2m households directly served by Octopus's award winning service, managing £3.4bn of renewable generation, and leasing hundreds of electric cars per month.

The Octopus Energy brand has become a recognised symbol for renewable energy innovation and thought leadership, and our goal to bring cheaper, greener energy to the world using technology is becoming a reality faster than ever.

In the year ended April '21, we completed another major investment round of over £150m, entered two of the world's largest deregulated energy markets (Texas, US and Japan), set up a dedicated Hydrogen supply business, created a Centre for Net Zero, and committed to invest over £10m in a state of the art R&D facility.

Since April '21, we completed another major investment round, valuing OEG at £3.3bn – double the valuation of the previous round just 10 months previously. We also entered another major international retail market (Spain) and in July, we acquired Octopus Renewables, a crucial step in the creation of an 'end-to-end' EnTech (energy technology) company, enabling fundamental redesign of the energy system, paving the way to optimise generation and consumption to help drive down the cost of renewables even further.

During recent months, the energy industry faced historic volatility in energy prices. Thanks to our comprehensive hedging strategy, we managed to fully support our own customers – as well as start onboarding 580,000 new customers via the acquisition of Avro Energy. This acquisition means that Octopus Energy is now the 5th largest energy provider in the UK's domestic energy retail market, and by far the largest organically-grown energy company in the UK.

Our goal is to change our global energy system for the better, and the whole team at OEG knows there isn't a minute to waste. We're excited to share this year's update – and while we've come a long way in the last twelve months, we've already set our sights much, much further for the next twelve.

Greg Jackson
Chief Executive Officer

During this last year we have achieved not only extraordinary growth in our UK Retail business but entered two new countries, migrated Npower and Good Energy onto the Kraken platform and made three strategic acquisitions that enhance Kraken's capabilities.

We have also built an outstanding asset in the form of our brand – which now extends across all Octopus Energy Group businesses. Underpinning this growth was over £150m of equity investment and a £200m working capital facility.

As well as delivering 62% revenue growth and +55% change in Gross Margin from 5.4% to 8.4%, we materially improved our capital position, continued to enhance our financial control and made investments that lay a strong foundation for our future economics.

More recently, the Group announced a further £423m investment agreed with Generation Investment Management as well as a series of facilities to support rapid growth in our electric vehicle leasing business. We did this at the same time as making strides in our internal data platform capabilities, risk systems, and margin reporting, all with seamless integration into Kraken.

Together, these developments considerably improve the level of insight, speed to granular margin reconciliation and help continued enhancement of financial controls as the business scales globally and increases in complexity.

Stuart Jackson
Chief Financial Officer
and Co-Founder

What happened this year?

OEG business highlights FY21

+62%

Increase in revenues

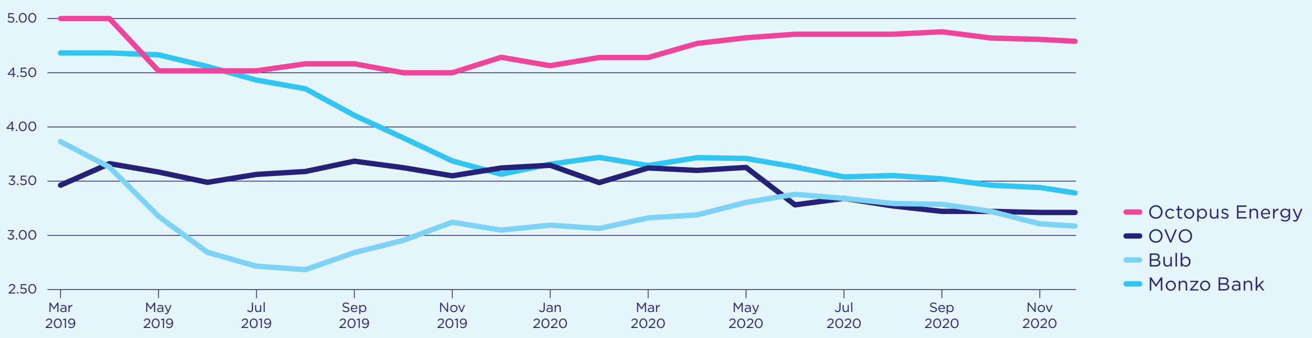
From £1,241m in FY20 to £2,009m in FY21

50%

Reduction in operating losses

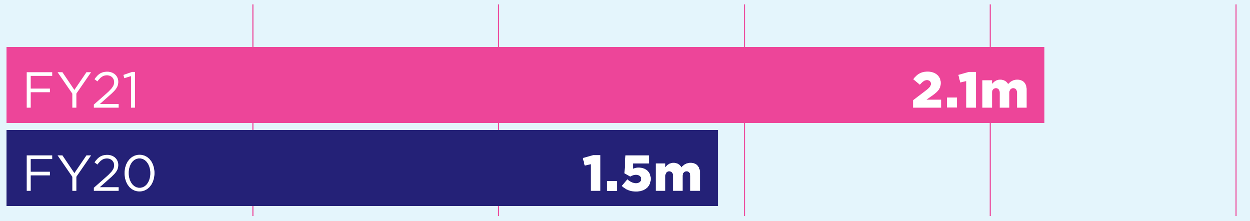
From £62.8m in FY20 to £31.4m in FY21

Glassdoor employee ratings



Total retail customers

In FY21, we grew by 49% to 2.1m customers.
As of today, we have more than 3m.



17m

Accounts contracted

on our Kraken Tech Platform

x4

Recommended Supplier of the Year

For 4th consecutive year

+55%

Gross margin improvement

Increased from 5.4% in FY20 to 8.4% in FY21

x8

Uswitch Awards

Plus Supplier of the Year Award
2nd year running

+600

New employees

With a total of 1,500 at April 2021

4.8 stars

on Trustpilot

Average score over FY21

Directors' report

What we do

The Group is an EnTech pioneer. It encompasses businesses that engage in energy supply: as a retailer, a software platform provider, in renewable energy generation, through vehicle leasing and the installation of smart meters and EV chargers, alongside a host of other energy technologies.

Octopus Energy Group is at the forefront of driving the green energy revolution globally through technology. Our team is committed to finding the quickest and most efficient route to bringing affordable renewable energy to consumers and businesses. We are driving full energy system change – and are reinventing the way that energy is utilised via a continued stream of physical and technological innovations. This effort is underpinned by the Group's proprietary software and technology platform, Kraken, which is used directly within its own Octopus Energy branded supply business, but also leased to other major energy suppliers around the world.

Kraken is built to be globally scalable and to drive the uptake of the smart grid. The technology greatly improves the efficiency and customer service of energy suppliers, enabling the low operational cost to serve in the market. Based on advanced data and machine learning capabilities, the end-to-end platform automates much of the energy supply chain and empowers customers to access power when cheaper and greener.

Left: An Octopus Energy Electric Juice powered taxi drives away from the coast of Brighton.

Right: An Energy Specialist answers customer calls.

Future developments

The Directors expect the Group to continue growing rapidly both through organic growth and acquisitions during the forthcoming year.

We continue to invest in building proprietary technology to support platform growth, supplier efficiency, flexibility services, customer service quality and further innovations in generation and supply.

Growth in customers on the Kraken platform will be through both the Group's own energy supply businesses in the UK and globally, as well as through new licence arrangements with other energy suppliers around the world.

Dividends

The Directors did not recommend an interim or final dividend to be paid during the period (2020: £nil).

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 including the acquisition of the Avro Energy customer book completed shortly before the signing of the financial statements and the associated financing of the hedge position required. There are significant peaks and troughs through the year with April generally the low point of the cashflow cycle. Reflecting the funding from shareholders received and contracted, along with available facilities and trading lines, this shows significant headroom through the period. The general approach to hedging expected supply requirements is set out on page 22 along with consideration of the Group's principal risks and uncertainties. The Directors actively considered downside sensitivities of cashflows from operations including that which would arise from cold winter in the context of the energy crisis.

The Directors have evaluated risks based on historic 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 on top of the currently high wholesale prices. This analysis is also combined with the impact of a high proportion of customers retained on standard variable tariffs and higher potential customer debt that could arise from both high energy prices and the ending of the Coronavirus Furlough scheme amongst other risks.

The Directors accordingly continue to monitor performance and sensitivity analyses closely and note that the Company is sufficiently well capitalised to withstand a range of compounded scenarios.

Octopus Energy Group Limited has received equity injections as well as access to financing through committed loans from banks and cash generated by other Group businesses. The bank loans are backed by investor guarantees. The business continues to actively consider further investments and additional working capital facilities though these are not assumed to arise to support the going concern assumption.

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

Engaging with our stakeholders

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

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

A Director of a Company must act in the way 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:

Risk management

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

The Board regularly reviews risks during the monthly management reporting process and also during the quarterly Board meetings. Management also review risks on a weekly basis through a series of detailed operational reporting packs.

Directors' report (continued)

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

Our people

People are the most important part of the Group. Everything we have built at OEG was built by our people. We are acutely aware of their importance in everything we do. The continuous feedback loop from the people that make up our business allows us to consistently find better ways of working together. For OEG, pioneering better ways to work is equally as important as our task in paving the way for the green revolution.

Octopus Energy Group puts particular focus and effort in nurturing a culture of autonomy, empowerment and trust. We encourage straight-forward, honest and transparent communication. All permanent staff own shares or are granted share options in Octopus Energy, 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 a number of 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. Family Dinner is an important time for the whole Company to learn about the latest business developments. During these sessions, employees are encouraged to ask questions directly to the CEO and to celebrate the achievements and challenges of their teams together.

The business continues to achieve outstanding levels of staff engagement as the it scales. This is reflected in the year's Glassdoor employment scores – with 93% of staff saying they would recommend working at Octopus Energy Group to a friend, and 100% for Greg Jackson's personal ratings as CEO.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of employees becoming disabled, every effort is made to ensure that their employer within the Group continues to make sure that appropriate training and development is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Our customers

Octopus Energy Group is built on a foundation of obsessively delivering outstandingly positive experiences for customers. The fundamental principles of pragmatism, simplicity and honesty are ingrained in all areas of the business, including the Board. The Board regularly review customer service metrics including TrustPilot scores and customer complaint volumes, this includes operations in Great Britain, Germany and the USA. The result of this focus across all areas of the business, including the Board, is phenomenal engagement with our customers.

Business relationships

We carefully select partners and suppliers to work with on a number of factors including their reputation within their industry and ability to demonstrate care and quality throughout their process. Our onboarding process is 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 Group is helping the world move towards a decarbonised future, based on renewable power generation through the use of technology. All of the electricity we supply is matched by 100% renewable sources including wind, hydro and solar power from green generators. As well as a base of 'community energy' contracts.

During the year the Board approved a new London-based research facility called the Centre for Net Zero which aims to tackle the issues in driving down carbon emissions and creating a world for the future. The Board also approved the new Octopus Diversity Trust with over £100,000 of initial funding to support diversity across the business.

In continuing to drive a greener future the Group completed the acquisition of the Octopus Renewables asset management business in July 2021, which brings a management portfolio of around 300 solar, on-shore wind and biomass projects.

Shareholders

Our Shareholders are comprised of five key groups:

1. Octopus Capital, who have supported the Octopus Energy vision, mission, and growth since inception
2. Origin Energy who, in 2020, invested over £215m of equity into the Group to support continual growth
3. Tokyo Gas, who invested over £150m this year – and together with whom the Group is expanding into Japan through a joint venture
4. Generation Investment Management, who in September 2021 committed to invest £423m in the Group
5. Our People: all employees own a part of Octopus Energy, so derive added benefit from the growth and success of the business to which they contribute

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

Business conduct

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

The business continues to achieve outstanding levels of staff engagement as it scales. As mentioned above, we also apply this philosophy to supplier relationships, which we know work best when there is deep understanding and appreciation of the activities each party undertakes and the constraints under which they work.

In April 2021, Octopus Energy became a certified B Corporation (B Corp), joining a group of companies that are pursuing purpose as well as profit. Recognised by B Lab, the not-for-profit behind the B Corp movement, five key impact areas included are Governance, Workers, Community, Environment and Customers. In the assessment, we scored 94.2 (the average score for a typical company is 52.5 and you need to achieve a score of 80 to meet the B Corp threshold).

Events after the balance sheet date

The Group continues to develop at pace and subsequent to the balance sheet date has completed several major acquisitions, including Octopus Renewables, who manage a portfolio of renewable generation assets worth £3.4bn and Umeme Energia, an energy supply company in Spain. For further details please see page 10.

Octopus Energy acquired the customer book of Avro Energy through the Supplier of Last Resort process. This will add 580,000 customers to the OE customer book.

The Group has also agreed a £423m investment deal with Generation Investment Management, full details can be found in note 25.

Directors

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

Director's indemnities

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

Auditor

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

Approved by the Board and signed on its behalf by:

S Jackson
Director

29 October 2021
Registered office:
6th Floor, 33 Holborn
London EC1N 2HT

Left: The lobby at our head offices on Oxford Street, London.

Right: Advertising reminds passers by that energy shouldn't cost the Earth.

Key acquisitions since April '21

Since April 2021, Octopus Energy Group has completed several major strategic acquisitions. On both counts, these acquisitions are important steps towards achieving the singular OEG mission: using technology to bring cheaper, greener energy to the world. In October 2021, the Company also was appointed Supplier of Last Resort to Avro Energy – which included a 580,000 customer portfolio.

"Our move into renewable generation management creates a business that is a leader on the global stage."

"We're combining our tech and consumer -led approach with the fund management expertise of Octopus Renewables.

By doing this we can change the entire energy lifecycle, looking to make every green electron matter, and deliver the green energy transition faster and cheaper for everyone."

Zoisa North-Bond
CEO Generation and Business

Octopus Renewables (OR)

Octopus Renewables (OR) was announced in March 2021 and the transaction was completed in July 2021.

OR manages one of the largest portfolios of renewable energy generation in Europe with an asset base that generates the equivalent consumption of around 1.2 million homes.

With £3.4bn worth of generation assets under management, the now-named OE Generation arm span 300 projects across 8 countries, focused predominantly in solar and offshore wind.

From investment, to generation, to choices around flexibility, to trading – all the way through to supply – the acquisition of OR positions Octopus Energy Group to drive the green energy revolution faster than anyone else.

Umeme Energia

Umeme Energia is a Spanish energy retailer.

The transaction closed in August 2021 and included both the customer portfolio and the experienced team at Umeme, based in Valencia.

Spain is a particularly attractive geography for OEG given the larger population, plus rising consumer demand for greener energy and market openness to challenger suppliers.

Localisation of the Kraken platform for the Spanish market is also now underway.

International retail expansion in FY21

As is the case in the UK, Australia, Germany and New Zealand, the new international operations of the Octopus Energy Group plan to deliver renewable and smart tariffs, and pave the way for other innovation, products and services around the world.

As we expand our global retail presence, we intend to replicate the UK operating model as closely as possible, while localising specific functionalities for different market requirements.

Acquisitions post year end

Since April 2021, the Octopus Energy Group expandedinto Spain with the acquisition of Umeme, based in Valencia.

We also completed another acquisition from Iberdrola, Germany – an excellent addition to our growing footprint across the country.

We look forward to announcing further international expansions in the coming months.

Evolve Energy US

In September 2020, the Octopus Energy Group announced the acquisition of Silicon-Valley-based start-up Evolve Energy.

Evolve Energy is a similar EnTech pioneer already noted for challenging America's legacy suppliers with its own 'Agile' wholesale-based tariff for the US market, an obsession with excellent customer service and a relentless push to clean up the old energy system with renewables.

Their AI and machine learning expertise is already optimising energy usage in Texas, providing customers with affordable energy prices real time and integration with connection home devices, and speeding up the US transition to a cheaper, greener energy system.

"Octopus Energy matches our aspiration for innovation and we're thrilled to be part of the Octopus family. The US energy market is rapidly moving towards ultra-low cost renewable energy and is prime for a true digital transformation."

Michael Lee,
CEO Octopus Energy US

Tokyo Gas, Japan

In December 2020, the Octopus Energy Group announced a new partnership with Tokyo Gas.

Tokyo Gas, one of Japan's most respected utilities, with 135 years of heritage, is partnering with Octopus to launch Octopus Energy in Japan.

In addition to this, the Company has invested £150m in Octopus Energy Group to help drive our global renewables mission faster. Octopus Energy Japan will be run by a 70:30 association, named TG Octopus Energy.

There's a long way to go on renewables in Japan, with only 18.9% of electricity from renewable sources last year, but huge appetite to increase this and Octopus Energy and Tokyo Gas intend to be significant contributors to that improvement.

Energy in Japan

53.3m
Number of households in Japan

18.9%
% of electricity from renewable sources in 2020

Strategic report

"We are inspiring and motivating communities around the world to join the green energy revolution."

Zoisa North-Bond
CEO Generation and Business

Strategic report (continued)

Business overview – Key highlights within the Group include:

- Octopus Energy's UK retail business grew to 7% UK energy retail market share. During this period the Group gained net 709,527 customers*
- Energy brands operated by Octopus continue to top Trustpilot customer ratings across the board
- Group margin improved by 55% from 5.4% in 2020 to 8.4% in 2021, driven by diversification of income streams and growth of Kraken licensing deals
- Global footprint expansion: acquisition in Texas, USA, JV with new shareholder Tokyo Gas in Japan, and since July '21, entry into Spain
- Technology investments: strategic acquisitions of Configurable, Upside Energy (now Kraken Flex) and Smart Pear
- Employee growth: Over 1,500 staff (at 30 April 2021) at over 10 locations across the UK and globally, creating jobs in the UK and around the world
- Kraken licensing growth: as of April '21, the Group served 5.9m accounts – +333% in 12 months
- Industry recognition: both within and outside the Energy sector – including:
  - Being named a Which? recommended provider for an unprecedented fourth year in a row
  - Uswitch's energy supplier of the year for a second year
  - Numerous wins for outstanding customer experience, including being ranked 17th across all sectors within the UK Institute of Customer Service in their Customer Satisfaction Index – and the only Energy company within the top 50 places
  - the only Energy company to become an official "Superbrand", finishing in the top 25 in the UK across all sectors
  - recognition for services to the Environment from the Renewable Energy Awards and Business Green Leaders for the past two years running
  - Kraken Technologies winning both the National Technology Awards and International Customer Experience awards

The Group achieved all of the above while also dealing with Covid-19.

OEG demonstrated oustanding resilience throughout the pandemic, and thanks to the adaptable nature of our working structure, was able not only to support our staff, but also continue to develop and grow the business while other suppliers struggled to continue with basic functions.

The whole team exemplified exceptional tenacity, which was reflected in our continued dedication to best-in-class customer service during this time.

The Company's ethos of flexible working, alongside the technological efficiencies of Kraken, positioned OEG to adapt quickly, and handle the crisis with compassion for both our staff and customers.

* Based on Ofgem total number of domestic households at the point of publication.

Financial overview

Octopus Energy Group have seen growth in the energy supply business as well as continued diversification of income streams (for example the growth in income from licencing revenue). During the financial year the group transitioned from FRS102 to IFRS. Further details can be found in note 26.

Revenue increased by 62% year on year as a result of the significant growth in energy supply as well as from licensing the Kraken platform.

Revenue from energy supply increased from £1.2bn to £1.9bn as a result of the growth in Octopus supplied households by 50% to 2.1m. Despite this growth, Octopus Energy continued to deliver exceptional customer service and maintained an outstanding 4.8 Trustpilot score.

The increase in licencing revenue from £10.2m to £73.7m was driven by the rapidly growing number of customers on the Kraken platform (5.9m from 1.4m), with several new customers secured in the year.

Growth in the high margin software business has contributed to gross margin increasing from 5.4% to 8.4% and gross profit from £66.9m to £167.8m. This is driven in part by the improving operational efficiency within the Octopus Energy retail business as well as improving operating efficiency within the overall Octopus Energy Group and the diversification of income streams.

The reduction in operating losses and loss before tax of £31.4m and £42.4m respectively is also a reflection of our diversification of income streams and the realisation of some economies of scale as the business grows. The reduction in loss after tax of £37.0m is driven by these factors as well as a tax credit of £5.4m. Investments in brand, platform, continued obsessive focus on customers, together with technology-led gains in operational efficiency have driven economies of scale.

The increase in investments by the Company from £8.9m to £16.4m is due to a number of investments made in FY21 including several technology businesses to further add to the Group's technology offering, two wind turbines and expansion into the USA through the acquisition of Evolve Energy.

Intangible assets have increased from £92.9m as of 30 April 2020 to £161.5m as of 30 April 2021. This increase is due to the customer acquisition costs associated with the net additional 709,527 customers that have joined Octopus Energy since 30 April 2020, as well as an increase in goodwill from acquisitions made by the Group during the year and continued investment in developing Kraken for wider use in an increasing number of countries globally.

Octopus Energy Group has received equity injections as well as access to financing through committed loans from banks and cash generated by other Group businesses. The bank loans are backed by investor guarantees. This funding provides the Group with sufficient capital to continue its ambitious growth plan, both in the UK and overseas over the medium term even in the event of a capital consuming cold winter.

Our KPIs

This table sets out our Key Performance Indicators and changes in last twelve months.

	30 April 2021	30 April 2020	% change
Accounts on Kraken platform	5,881,007	1,357,358	**333%**
Octopus supplied households	2,136,819	1,433,997	**49%**
Trustpilot score	4.8	4.8	**-**
Revenue	£2,009m	£1,241m	**62%**
Gross margin	8.4%	5.4%	**55%**
Operating loss	£(31.4)m	£(62.8)m	**(50%)**
Net loss	£(37.0)m	£(61.1)m	**(39%)**
Net assets	£231.3m	£85.6m	**170%**

Strategic report (continued)

Despite the pandemic and unwind of the Furlough scheme in the UK, there has been no material non-payment and the Group is sufficiently well capitalised to withstand meaningful increases in credit risk.

Environmental reporting

As an energy supplier, Octopus is fully committed to the development of infrastructure to support renewable energy and reducing global CO_2 emissions.

We understand that all our activities have an environmental impact, and consistently work to reduce our carbon footprint as a business.

The Group provides 100% renewable electricity and the option for 100% carbon offset gas to our customers. By launching and tracking new experimental products and tariffs, as well as funding research to support governments' efforts to achieve Net Zero via total energy system change, the Group is at the forefront of innovative thinking in green energy.

Octopus Energy Group is also a certified B Corporation as of 2021.

Covid-19 had a large impact on office attendance and most of our staff worked remotely for the entirety of this financial year. This influenced our operational CO_2 emissions, although it is still too early to calculate how much of an impact this had as this is our base year reporting.

Octopus comply with all mandatory energy and carbon reporting regulations for year 01 May 2020 – 30 April 2021 in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 ('the 2013 Regulations') and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ('the 2018 Regulations') and the reporting requirements of the Streamlined Energy and Carbon Reporting Framework Regulations ('SECR').

For this report, we are disclosing scope 1 and 2 Greenhouse Gas (GHG) emissions and selected scope 3 emissions where we have chosen to disclose employee travel where Octopus reimburses employees for fuel. Octopus do not own any vehicles driven by employees. When reporting scope 1 and 2, we have included the energy consumption for our offices.

Under the SECR guidance we have only reported carbon information relating to the subsidiaries who would be obliged to include such information in its own accounts. The methodology used is The Greenhouse Gas Protocol and we are reporting in Absolute Tonnes of CO_2e. We have employed the financial control approach to determine the boundaries of our environmental impact. This is our base year so there is no comparative data.

	kWh
Gas consumption	10,346
Electricity consumption	665,101
Total	**675,447**

	miles
Medium cars – petrol	72,012
Total	**72,012**

	tCO_2e
Scope 1	1.9
Scope 2	155.1
Scope 3	21.6
Total	**178.6**
Intensity ratio – (tCO_2e per £m of revenue)	0.1

CO_2e conversion has been calculated using the gov.uk recommended factors.

Energy Efficiency Action

Sustainability is a major focus for Octopus. In April 2021 a small team of 'Green Heroes' was established with the target of reducing our carbon footprint.

We also work closely with the Octopus Centre for Net Zero (OCNZ), a new research facility that will take the fight against climate change to government level and will bring together climate experts, data scientists, economists, and policy specialists. Octopus can offer these experts unique insights into how customers, networks and grids can contribute to a faster, more affordable transition to renewables. All reports and models are made free for anyone to use, aligned with the Octopus mission to inspire change globally.

Where possible, Octopus is a paperless company and actively promotes the Cycle to Work scheme to our employees, encouraging them to think about their impact on the environment as individuals within the Company. Many of the Senior Management team lead by example, cycling to work where possible.

Within our UK based operations team which consisted of 632 FTE, at year end, 14.46% were working remotely on a full-time basis which reduces travel costs and CO_2 emissions. As the team increases, we will continue to grow the number that work from home full time.

The group's principal risks and uncertainties are detailed on page 22.

S Jackson
Director

29 October 2021
Registered office:
6th Floor, 33 Holborn
London EC1N 2HT

Decarbonisation of transport

Transport contributes one third of all carbon emissions in the UK, so we're working to make electric vehicles a simple, affordable choice for everyone.

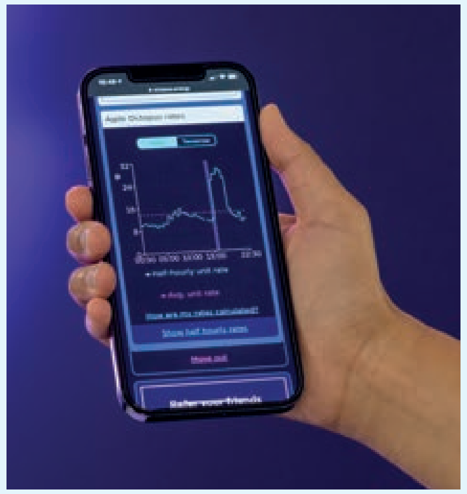
Octopus Electric Vehicles makes EV's accessible through leasing packages that can save customers up to 40%. This is combined with the launch of the Electric Juice network, which gives consumers access to a third of the UK's public charging points and use 100% green electricity. Our agile home tariffs encourage cheap charging when electricity prices are lowest.

Using an array of smart green products and services, Octopus Energy is making a more flexible, affordable energy system into a reality.

Decarbonisation of heating

Octopus has committed to building a £10m R&D centre, where we're developing affordable green heating, and will train thousands of engineers to install the new green technology in homes.

One of the UK's biggest carbon challenges is home heating and gas boilers, which account for 14% of the UK's carbon emissions. Given more than 1.5 million people replace their boilers every year, there's huge potential for change. The R&D facility is now working urgently on solutions that will replace gas boilers, and make green heating more affordable and simple for everyone.



Smart tech tariffs

Octopus has led the development of smart tariffs as a new way of customers buying and using green energy flexibly. We do this by rewarding users for moving their electricity consumption to when energy is cheapest and most plentiful (and therefore more likely to be powered by renewable sources on the grid).

Thousands of homes across the UK now use these innovative beta tariffs, getting paid to use up green power, or to export power from their solar panels. By doing this, they are directly supporting the UK energy system and reducing the need for fossil fuels. These flexible tariffs are a major step on the journey to lower carbon homes.

"At OEG, pioneering better ways to work is equally as important as paving the way for the green revolution."

Greg Jackson
Chief Executive Officer

Principal risks and uncertainties

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

Wholesale market risk

The Group faces wholesale market risks through its supply businesses, and in particular through Octopus Energy Limited. Octopus Energy follows a strict and sophisticated hedging policy, and does not speculate on market movements, nor assume or rely on market movement in either direction.

Octopus Energy makes forward commitments for energy delivery for customers that are acquired or renewed onto a fixed price contract, for the duration of the contract and allows for some expected attrition (the Company does not "lock in" customers with exit fees, and models attrition and allows for this). Daily adjustments are made to correct the wholesale position for variances in demand vs forecast. This largely locks in margin for customers across the life of their contracts and provides a basis for financial planning. Variances to expected margin for fixed products are a result of "shaping loss" (tailoring a hedge to the specific consumption shape of the businesses portfolio) and "imbalance costs" (consumption outturn is different from hedged for expectations).

For customers on variable price contracts, Octopus Energy executes a rolling hedge that follows the price-cap methodology. The methodology operates on a six month cycle and on average the majority of the year ahead is hedged. Due to the price cap calculation, Octopus is able to amend the pricing of this product to reflect the hedged cost.

There were no key developments in the financial year, however in the months following year end the energy industry has faced significant volatility in energy prices. The Group's comprehensive hedging strategy has significantly reduced the impact of this on the business.

Cashflow and liquidity risk

The Group manages cash responsibly and has clear sight to expected cash requirements. The Group monitors financial risks at a business unit level and on a consolidated basis. It undertakes stress and sensitivity testing on forecast performance to ensure that sufficient capital is maintained. The stress testing combines the impact of cold weather and correlated, material increases in wholesale price for this additional consumption volume.

The Group maintains a mixture of funding and secured credit to ensure there is sufficient capital for current and future operations, including under stress scenarios. In the financial year, the Group completed an investment round with Tokyo Gas for in excess of £150m of investment and since the year end the Group has completed another major investment round with Generation Investment Management committing £423m.

Finally, in September 2021, Octopus Energy acquired 580,000 customers from Avro through the Supplier of Last Resort process. The cashflow impacts to the business were carefully planned and managed during this process.

Commercial risk

The Group faces the following types of commercial risk:

(1) generated by the competitive environment, against which the Group is well placed thanks to competitive advantage from its proprietary software platform and associated, highly efficient operating model in retail supply

(2) credit risk, which the Group manages through:
  - (a) very high penetration of direct debit collections in consumer businesses
  - (b) the application of credit risk data
  - (c) close monitoring of customer account performance and strict processes for nonpayment.
  - (d) close business relationships for business to business sales

(3) there is a customer concentration risk as the majority of the Group's licensing revenue for the year comes from two external clients. A material change in either client would have a material impact on revenue generated from licensing services. This is expected to change in the near-term.

There were no other key changes to this risk during the financial year.

Operational risk

Operational risk arises from a weakness or failure in a business's systems and controls. The Group 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. Octopus also has a disaster recovery plan in place covering current business requirements.

There were no key changes to this risk during the financial year.

Directors' responsibilities statement

For the year ended 30 April 2021

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

Company law requires the Directors to prepare consolidated and Company financial statements for each financial year. Under that law the Directors have elected to prepare the consolidated and Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS Standards) as issued by the IASB. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRS 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 Group and Company will continue in business.

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

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

Independent auditor's report

To the members of Octopus Energy Group Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 April 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows;
- the significant accounting policies; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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 group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the group 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, 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, UK electricity and gas legislation.

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

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

- Risk of material misstatement due to fraud related to revenue recognition specifically around the accuracy and occurance of unbilled revenue: we obtained extracts of register details on supply, billing history, annual consumption data, weather coefficients and rate information, we recalculated the customer's unbilled revenue and compared this to the results of management's calculation and we tested the accuracy of a sample of customer accounts through tracing this through to supporting evidence.

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.

Independent auditor's report (continued)

To the members of Octopus Energy Group Limited

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 in-house 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 group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Anthony Matthews FCA
(Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
29 October 2021

Financial statements

Consolidated statement of comprehensive income

For the year ended 30 April 2021

	Notes	Year ended 30 April 2021 £m	Year ended 30 April 2020* £m
Revenue	4	**2,008.8**	1,240.8
Cost of sales		**(1,840.9)**	(1,173.9)
Gross profit		**167.9**	66.9
Administrative expenses	5	**(199.6)**	(129.7)
Other operating income		**0.3**	–
Operating loss	6	**(31.4)**	(62.8)
Share of net loss of joint venture	14/15	**(0.1)**	(0.1)
Finance expense	8	**(10.9)**	(8.9)
Loss before income tax		**(42.4)**	(71.8)
Income tax credit	9	**5.4**	10.7
Loss for the financial year		**(37.0)**	(61.1)
Loss attributable to:			
Owners of the parent		**(36.9)**	(60.4)
Non-controlling interests		**(0.1)**	(0.7)
Loss for the financial year		**(37.0)**	(61.1)

* Prior year numbers have been restated to reflect impact of transition to IFRS (see Note 26).

There were no recognised gains and losses during the years ended 30 April 2021 or 30 April 2020 other than those included in the Consolidated Statement of Comprehensive Income.

The notes on pages 34 to 64 form part of these financial statements.

Consolidated statement of financial position

At 30 April 2021

	Notes	30 April 2021 £m	30 April 2020* £m	1 May 2019* £m
Non-current assets				
Property, plant and equipment	10	**13.1**	6.7	7.0
Intangible assets	11	**161.5**	92.9	36.0
Investments in associates	14	**2.8**	–	–
Interests in joint ventures	15	**–**	–	–
Trade and other receivables	16	**124.7**	86.8	–
Total non-current assets		**302.1**	186.4	43.0
Current assets				
Trade and other receivables	16	**370.3**	377.4*	95.4
Cash and cash equivalents		**91.9**	23.3	28.1
Inventory		**1.0**	–	–
Total current assets		**463.2**	400.7	123.5
Current liabilities				
Trade and other payables	17	**(527.9)**	(497.1)*	(150.5)
Non-current liabilities				
Trade and other payables	17	**(6.1)**	(4.4)	(65.6)
Net assets/(liabilities)		**231.3**	85.6	(49.6)
Capital and reserves				
Called up share capital	19	**–**	–	–
Share premium account	20	**381.8**	198.6	–
Non-controlling interests	20	**(0.1)**	–	(0.2)
Other reserves	20	**1.5**	0.4	–
Accumulated losses	20	**(151.9)**	(113.4)	(49.4)
Total equity		**231.3**	85.6	(49.6)

* Prior year numbers have been restated to reflect impact of transition to IFRS (see Note 26), as well as an offset of customer balances with customer prepayments (see Note 16).

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. The notes on pages 34 to 64 form part of these financial statements. The consolidated financial statements were approved and authorised for issue by the board and were signed on its behalf by:

S Jackson
Director

29 October 2021
Registered office:
6th Floor, 33 Holborn
London EC1N 2HT
Registered number: 09718624

Company statement of financial position

At 30 April 2021

	Notes	30 April 2021 £m	30 April 2020* £m	1 May 2019* £m
Non-current assets				
Property, plant and equipment		**–**	–	–
Intangible assets		**–**	–	–
Investments accounted for using the equity method		**–**	–	–
Investments	12	**16.4**	8.9	0.1
Trade and other receivables	16	**124.3**	120.9	58.0
Total non-current assets		**140.7**	129.8	58.1
Current assets				
Trade and other receivables	16	**195.2**	110.8	–
Cash and cash equivalents		**40.1**	–	–
Total current assets		**235.3**	110.8	–
Current liabilities				
Trade and other payables	17	**(0.6)**	(48.1)	–
Non-current liabilities				
Trade and other payables	17	**–**	–	(58.1)
Net assets/(liabilities)		**375.4**	192.5	–
Capital and reserves				
Called up share capital	19	**–**	–	–
Share premium account	20	**381.8**	198.6	–
Other reserves	20	**1.5**	0.4	–
Accumulated losses	20	**(7.9)**	(6.5)	–
Total equity		**375.4**	192.5	–

* Prior year numbers have been restated to reflect impact of transition to IFRS (see Note 26).

These Company financial statements have been prepared in accordance with International Financial Reporting Standards. The notes on pages 34 to 64 form part of these financial statements. The Company financial statements were approved and authorised for issue by the board and were signed on its behalf by:

S Jackson
Director

29 October 2021
Registered office:
6th Floor, 33 Holborn
London EC1N 2HT
Registered number: 09718624

Consolidated statement of changes in equity

For the year ended 30 April 2021

	Notes	Called-up share capital £m	Share premium account £m	Share based payment reserves £m	Accum-ulated losses £m	Equity attributable to owners of the Company £m	Non-controlling interests £m	Total equity £m
At 1 May 2019*		**–**	**–**	**–**	**(49.5)**	**(49.5)**	**(0.2)**	**(49.7)**
Comprehensive loss for the year		–	–	–	(60.4)	(60.4)	(0.7)	(61.1)
Total comprehensive loss for the year		–	–	–	(60.4)	(60.4)	(0.7)	(61.1)
Shares issued during the year		–	192.6	–	–	192.6	–	192.6
Shares issued for business acquisitions		–	3.4	–	–	3.4	–	3.4
Share based payments		–	–	–	–	–	–	–
Employee share scheme options		–	–	0.4	–	0.4	–	0.4
Acquisitions of non-controlling interest		–	2.6	–	(3.5)	(0.9)	0.9	–
At 30 April 2020*		–	198.6	0.4	(113.4)	85.6	–	85.6
Change in accounting policy**		–	–	–	(1.6)	(1.6)	–	(1.6)
Adjusted at 1 May 2020*		–	198.6	0.4	(115.0)	84.0	–	84.0
Comprehensive loss for the year		–	–	–	(36.9)	(36.9)	(0.1)	(37.0)
Total comprehensive loss for the year		–	–	–	(36.9)	(36.9)	(0.1)	(37.0)
Shares issued during the year	19	–	182.0	–	–	182.0	–	182.0
Shares issued for business acquisitions	13	–	0.8	–	–	0.8	–	0.8
Share based payments	21	–	0.4	–	–	0.4	–	0.4
Employee share scheme options	20	–	–	1.1	–	1.1	–	1.1
At 30 April 2021		–	381.8	1.5	(151.9)	231.4	(0.1)	231.3

* Prior year numbers have been restated to reflect impact of transition to IFRS (see Note 26).
** Changes in accounting policies include adjustments made to align subsidiaries acquired in FY20 with the Group's policies.

The notes on pages 34 to 64 form part of these financial statements.

Company statement of changes in equity

For the year ended 30 April 2021

	Notes	Called-up share capital £m	Share premium account £m	Share based payment reserves £m	Accum-ulated losses £m	Total equity £m
At 1 May 2019*		**–**	**–**	**–**	**–**	**–**
Comprehensive loss for the year		–	–	–	(6.5)	(6.5)
Total comprehensive loss for the year		–	–	–	(6.5)	(6.5)
Shares issued during the year		–	192.5	–	–	192.5
Shares issued for business acquisitions		–	6.1	–	–	6.1
Share based payments		–	–	–	–	–
Employee share scheme options		–	–	0.4	–	0.4
At 30 April 2020*		–	198.6	0.4	(6.5)	192.5
Comprehensive loss for the year		–	–	–	(1.4)	(1.4)
Total comprehensive loss for the year		–	–	–	(1.4)	(1.4)
Shares issued during the year	19	–	182.0	–	–	182.0
Shares issued for business acquisitions	13	–	0.8	–	–	0.8
Share based payments	21	–	0.4	–	–	0.4
Employee share scheme options	20	–	–	1.1	–	1.1
At 30 April 2021		–	381.8	1.5	(7.9)	375.4

* Prior year numbers have been restated to reflect impact of transition to IFRS (see Note 26).

The notes on pages 34 to 64 form part of these financial statements.

Consolidated statement of cash flows

For the year ended 30 April 2021

	Notes	**Year ended 30 April 2021 £m**	Year ended 30 April 2020* £m
Cash flows from operating activities			
Loss for the financial period		**(37.0)**	(61.1)
Adjustments for:			
Depreciation of property, plant and equipment	10	**3.0**	1.2
Amortisation of intangible assets	11	**57.1**	31.4
Finance costs	8	**9.8**	8.9
Share of loss on joint venture/associate	15	**0.1**	0.1
Share based options	20	**1.4**	2.0
Taxation credit	9	**(5.4)**	(10.7)
Increase in trade and other receivables		**(63.1)**	(81.0)*
Increase in trade and other payables		**6.2**	3.3*
Increase in provisions and accruals		**140.5**	108.5
Increase in inventory		**(0.9)**	–
Corporation tax received		**0.2**	3.3
Net cash generated from operating activities		**111.9**	5.9
Cash from investing activities			
Purchase of property, plant and equipment	10	**(9.7)**	(0.9)
Purchase of intangible fixed assets	11	**(105.2)**	(65.3)
Purchase of joint venture (net of cash acquired)		**-**	(0.1)
Purchase of associate (net of cash acquired)	14	**(2.9)**	–
Purchase of subsidiaries (net of cash acquired)	13	**(18.1)**	(2.5)
Net cash used in investing activities		**(135.9)**	(68.8)
Cash flows from financing activities			
Loans received		**126.9**	168.6
Loans repaid		**(250.2)**	(105.8)
Interest paid		**(13.5)**	(4.8)
Issue of ordinary shares	19	**229.4**	–
Net cash used in financing activities		**92.6**	58.0
Net (decrease)/increase in cash and cash equivalents		**68.6**	(4.9)
Cash and cash equivalents at beginning of year		**23.3**	28.2
Cash and cash equivalents at the end of year		**91.9**	23.3
Cash and cash equivalents at the end of year comprise:			
Cash at bank and in hand		**91.9**	23.3

* Prior year numbers have been restated to reflect impact of transition to IFRS (see Note 26), as well as an offset of customer balances with customer prepayments, this reduces the increase in trade and other receivables and trade and other payables by £88.4m (see Note 16).

The notes on pages 34 to 64 form part of these financial statements.

Notes to the financial statements

For the year ended 30 April 2021

1. Company information

Octopus Energy Group Limited ('the Company') and its subsidiaries (together referred to as the 'Group') are primarily engaged in the provision of energy. The Group's principal activity is as an energy technology pioneer, driving the green energy revolution through technology. The Group encompasses businesses that engage in energy supply, both as a retailer and software platform provider, vehicle leasing, installation of smart meters, and other energy related assets.

Octopus Energy Group Limited is a private company limited by shares and registered in England and Wales, registered number 09718624. Its registered office is located at 6th Floor, 33 Holborn, London, England, EC1N 2HT.

2. Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union.

These consolidated financial statements for the year ended 30 April 2021 are the first the Group has prepared in accordance with IFRS. Refer to Note 26 for information on how the Group adopted IFRS. The consolidated financial statements have been prepared on a historical cost basis.

The consolidated financial statements are prepared in Sterling (£), which is the functional and presentational currency of all companies within the Group. Rounding is taken to the nearest million.

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its subsidiaries as if they form a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full, with an exception of balances owed to the wider Octopus Capital Group, which are eliminated in the consolidated financial statements of Octopus Capital Limited.

The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 April.

In accordance with the exemption available under section 408 of the Companies Act 2006, no separate statement of comprehensive income is presented in respect of the Company.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the Consolidated Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases. As discussed in Note 26, the Group has not applied IFRS 3, *Business Combinations*, in respect of acquisitions prior to the transition date to IFRS, 1 May 2019.

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 including the acquisition of the Avro Energy customer book completed shortly before the signing of the financial statements and the associated financing of the hedge position required. There are significant peaks and troughs through the year with April generally the low point of the cashflow cycle. Reflecting the funding from shareholders received and contracted, along with available facilities and trading lines, this shows significant headroom through the period. The general approach to hedging expected supply requirements is set out on page 22 along with consideration of the Group's principal risks and uncertainties. The Directors actively considered downside sensitivities of cashflows from operations including that which would arise from cold winter in the context of the energy crisis.

The Directors have evaluated risks based on historic 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 on top of the currently high wholesale prices. This analysis is also combined with the impact of a high proportion of customers retained on standard variable tariffs and higher potential customer debt that could arise from both high energy prices and the ending of the Coronavirus Furlough scheme amongst other risks.

The Directors accordingly continue to monitor performance and sensitivity analyses closely and note that the Group is sufficiently well capitalised to withstand a range of compounded scenarios.

Octopus Energy Group Limited has received equity injections as well as access to financing through committed loans from banks and cash generated by other Group businesses. The bank loans are backed by investor guarantees. The business continues to actively consider further investments and additional working capital facilities though these are not assumed to arise to support the going concern assumption.

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

2.4 Revenue

The Group's revenue is mainly derived from energy supply. The Group also derives income from licensing, leasing of electric vehicles and energy generation. Revenue from contracts with customers is recognised when its performance obligations are satisfied, i.e., when control of an asset (i.e. the goods or services) is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. An asset is transferred when (or as) the customer obtains control of that asset. Depending on the nature of the performance obligations, revenue is recognised either over time or at a point in time.

Revenue is measured as the amount of the transaction price that is allocated to that performance obligation. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, Value Added Tax).

The majority of revenue arose within the United Kingdom; however revenue also arose in Australia, Germany and the United States.

The Group applies the five-step process set out in IFRS 15, *Revenue from contracts with customers*, to ensure an appropriate revenue recognition policy is in place, i.e.:

1. Identify the contract with a customer.
2. Identify the separate performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the separate performance obligations.
5. Recognise revenue when/as each performance obligation is satisfied.

The nature of the services the Group provides, and of the amounts which the customer is charged, is such that the result of this process is generally clear, since the services provided are separately identifiable and priced, and the customer is generally invoiced either upfront or on completion of the service. The invoiced prices in the contract are considered standalone selling prices, and therefore determining the transaction price does not require significant judgements. The recognition of the revenue reflects the completion of the performance obligations, which results in the following revenue recognition profile

Revenue streams are analysed between as follows:

Provision of Energy

- Revenues from the provision of electricity and gas are recognised when the Company fulfils its performance obligation by transferring a promised good or service to a customer. An asset is deemed to be transferred when the customer obtains control of the asset. Energy supply is recognised over time as the customer receives and consumes the energy supplied and appropriately reflects the pattern of transfer.

Notes to the financial statements (continued)

For the year ended 30 April 2021

2. Significant accounting policies (continued)

For amounts that haven't been billed to the customer, the revenue is estimated using contracted tariff rates and estimated usage. This amount is reflected as contract assets at the end of the financial period. Further information can be found within Note 3 – Critical accounting judgements and key sources of estimation and uncertainty.

Licensing revenue (services)

- Licensing agreements are in place between Kraken Technologies Limited and its customers, the revenue is generated from development, licensing, and related services. Development services' revenue is recognised over time as the system is made ready for use by the customer. Licensing fees, customer migration and operating services are each recognised over time as the customer uses and benefits from the services simultaneously. The methods used appropriately reflect the pattern of transfer of services to customers.

Other revenue (services)

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

A **contract asset** is recognised for revenue where the performance obligation (being the provision of utilisation and subscription services) has been completed, but payment remains conditional on acceptance by the customer. Once invoiced, the amount recognised as contract assets is reclassified to trade receivables. Contract assets arise from unbilled revenue, where services have been provided but not billed.

A **contract liability** is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services or for instances where the customer is invoiced in advance. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer). Contract liabilities arise from accrued expenses, where services have been provided but not yet invoiced.

2.5 Intangible assets

Intangible assets acquired as part of a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an asset and are identifiable. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised over their useful economic life as follows:

– Software	3 years
– Customer acquisitions	3 years

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition.

Goodwill is not amortised as it is expected to have an indefinite useful economic life, but is reviewed for impairment on an annual basis.

Software development costs

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

- it is technically feasible to complete the software;
- management intends to complete the software;
- there is an ability to use or sell the software;
- it can be demonstrated that the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development are available;
- the expenditure attributable to the software during development can be reliably measured.

Subsequent to initial recognition, software development costs are reported at cost less accumulated amortisation and accumulated impairment losses. Total software development costs less their estimated residual value are amortised over their useful economic life on a straight-line basis over a period of three years. Amortisation starts when the asset is available-for-use. Costs associated with maintaining computer software are recognised as an expense.

Research and other development expenditure that does not meet the criteria for capitalisation as a software development cost are recognised as an expense in the Consolidated Statement of Comprehensive Income.

2.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is charged to write down the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

– Right of use assets	Over life of lease
– Office equipment	3-5 years
– Motor vehicles	3 years
– Energy generation assets	20 years

2.7 Impairment of non-financial assets

Non-financial assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased. In accordance with IAS 38, *Intangible Assets*, goodwill is not amortised, but is reviewed for impairment on an annual basis.

2.8 Investments in subsidiary undertakings

A subsidiary is an entity controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its return.

Investments are stated at cost less a provision for any impairment in value. Costs of the investments include all costs directly related to the acquisition of the investments.

2.9 Investments in associates and joint ventures

Investments in associates and joint ventures are accounted for using the equity method.

The carrying amount of the investment is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income, adjusted where necessary to ensure consistency with the accounting policies of the Group. In some cases, certain conditions in the agreements may dictate the level of returns from an investment, which will impact how the investment is measured. Further detail has been provided in note 14 and 15. Unrealised gains and losses on transactions between the Group and Its associates and joint ventures are eliminated to the extent of Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

Notes to the financial statements (continued)

For the year ended 30 April 2021

2. Significant accounting policies (continued)

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.11 Financial instruments

A financial asset or a financial liability is recognised only when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired; or,
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Financial assets

The Group's financial assets comprise cash and cash equivalents (see note 2.11 above), trade receivables, contract assets, prepayments and other receivables. Trade receivables are initially measured at their transaction price. Other financial assets are measured at their fair value on initial recognition. Financial assets are accounted for on an amortised cost basis, using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group recognises a loss allowance, for expected credit losses on its financial assets which are held at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. When the expected credit loss for trade receivables is determined, the Group makes use of the simplified approach, whereby the loss recognised is equal to the lifetime expected credit losses. Lifetime expected credit losses represent the expected losses that may result from possible default events. The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The expected lifetime credit losses of the trade receivables and contract assets are estimated using a provision matrix. The matrix is based on the Group's historical credit loss experience, adjusted for forward-looking factors, that are specific to the trade receivables. This approach is also used for estimating the expected lifetime credit loss of the contract assets. At 30 April 2021 and 2020 an average expected credit loss of has been used within the provision matrix.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

The Group's financial liabilities comprise trade payables, accruals and other payables and lease liabilities. The lease liabilities are measured in accordance with IFRS 16 (see 2.13 below). All other financial liabilities are classified as held at amortised cost. These liabilities are initially measured at fair value less transaction costs and subsequently measured using the effective interest method.

2.12 Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.

2.13 Leases

As a lessee, the Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises right-of-use assets representing the right to use the underlying assets, and lease liabilities representing obligations to make lease payments.

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

At the date of transition to IFRS, the Group applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to IFRS, with the unwinding of the discount on the lease liabilities being taken through finance costs. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments and are depreciated over the term of the lease.

2.14 Finance income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.15 Taxation

Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Notes to the financial statements (continued)

For the year ended 30 April 2021

2. Significant accounting policies (continued)

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Deferred tax balances are not recognised in respect of temporary differences arising on initial recognition (other than on a business combination) that do not affect profit or loss. In respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.16 Share-based employee remuneration

The Group operates equity-settled, share-based remuneration plans for its employees. None of the Group's plans feature any options for a cash settlement. All goods and services received in exchange for the grant of any share-based payment are measured at their fair values.

Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (e.g. profitability and sales growth targets and performance conditions). The fair value has been determined using the Black-Scholes Model with the use of external valuation support.

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to retained earnings. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based payment compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are allocated to share capital.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

When preparing consolidated financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The key significant judgements include:

Capitalisation of internally developed software

Distinguishing the research and development phases of a new customised software project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired. Further details on the capitalisation criteria for internally developed software can be found in Note 2.5.

Key sources of estimation uncertainty include:

Revenue recognition

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

The estimate comprises both billed revenue (trade receivables) and unbilled revenue (accrued income) and is calculated by reference to data received through third party settlement systems, together with estimates of consumption not yet processed through settlements and selling price estimates. These estimates are sensitive to the assumptions used in determining the portion of sales not billed and based on meter readings at the reporting date. Further details on trade receivables and contract assets can be found in Note 16.

Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Further details on impairment can be found in Note 11.

Amortisation of acquisition costs

The current amortisation period for acquisition customer costs in Intangibles is 3 years, however the attrition rate is heavily dependent on the acquisition channel. Management will continue evaluating the appropriateness of the estimate used as the base of outcome data evolves. Further details on amortisation can be found in Note 11.

Provision for bad and doubtful debts

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

The Group also assess accrued income on a regular basis to estimate the recoverability of the customer balances and a provision recognised for the estimated balance that is unlikely to be recovered. This estimation is based on historical customer data. Further details on provisions can be found in Note 16 and Note 18.

4. Revenue

The energy supply, licensing, and other revenue are set out in the revenue accounting policy note above (Note 2.5).

	Year ended 30 April 2021 £m	Year ended 30 April 2020 £m
Electricity supply	**1,186.2**	696.1
Gas supply	**720.1**	531.4
Total energy supply	**1,906.3**	1,227.5
Licensing revenue	**73.7**	10.2
Other revenue	**28.8**	3.1
	2,008.8	1,240.8

Notes to the financial statements (continued)

For the year ended 30 April 2021

5. Administrative expenses

	Year ended 30 April 2021 £m	Year ended 30 April 2020 £m
Sales and marketing	**24.0**	12.1
Audit remuneration	**0.6**	0.5
General and administration	**157.9**	101.6
Legal and professional	**17.1**	15.5
	199.6	129.7

The above presentation reflects the breakdown of operating expenses by nature of expense.

6. Operating loss

The operating loss is stated after charging:

	Year ended 30 April 2021 £m	Year ended 30 April 2020 £m
Depreciation	**3.0**	1.2
Amortisation of intangible assets	**57.1**	31.4
	60.1	32.6

Employee costs consist of:

	Year ended 30 April 2021 £m	Year ended 30 April 2020 £m
Wages and salaries	**31.1**	16.2
Social security costs	**3.7**	1.8
Costs of defined contribution scheme	**1.5**	0.6
Share-based payment charge (see Note 21)	**1.1**	0.4
	37.4	19.0

The average monthly number of employees, including Directors, during 2021 was 956 (2020: 551).

7. Key management personnel compensation

	Year ended 30 April 2021 £m	Year ended 30 April 2020 £m
Short-term employee benefits	**0.5**	0.5
Company contributions to defined contribution pension schemes	**–**	–
Share-based payment charge	**–**	–
	0.5	0.5

The Directors are considered to be the key management personnel of the Group (see Note 23). Four Directors are paid from other entities in the Group, further details of remuneration is included in these Companies' accounts. The highest paid Director received short-term employee benefits of £161k (2020: £159k) and Company contributions to defined contributions pension schemes of £8k (2020: £8k). The remaining Directors are employed by the Company's shareholders and do not specifically receive any remuneration in respect of the Company.

8. Finance expense

	Year ended 30 April 2021 £m	Year ended 30 April 2020 £m
Interest expense on financial liabilities held at amortised cost	**10.9**	8.9
	10.9	8.9

The Group has access to revolving credit facilities, which were used during to year to fund working capital needs. As at 30 April 2021, there were no outstanding loans, however the Group pays guarantee fees and commitment fees for the credit lines. These costs are included above.

9. Taxation

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

	Year ended 30 April 2021 £m	Year ended 30 April 2020 £m
Current taxation		
Corporation tax on profits for the period	**–**	(1.8)
Foreign tax	**(0.1)**	–
Group relief	**–**	0.3
Adjustments in respect of current income tax of previous year	**10.6**	(0.2)
	10.5	(1.7)
Deferred tax for the period	**3.6**	11.8
Adjustments in respect of current income tax of previous year	**(8.7)**	0.5
Impact of rate change on opening DT	**–**	0.1
	(5.1)	12.4
Income tax credit recognised in Consolidated Statement of Comprehensive Income	**5.4**	10.7

Adjustments made in FY21 for the previous tax year includes £8.9m of Group Relief surrendered to Octopus Capital Group companies and the remainder attributable to Research and Development expense claims.

Notes to the financial statements (continued)

For the year ended 30 April 2021

9. Taxation (continued)

b) Factors affecting tax (charge)/credit for the period:

The tax assessed for the period is lower/higher than the standard rate of corporation tax in the UK (19%). The differences are explained below:

	Year ended 30 April 2021 £m	Year ended 30 April 2020 £m
Loss before taxation	**42.4**	71.8
Income tax:		
Tax credit calculated at UK statutory corporation tax rate of 19% (2020: 19%)	**8.1**	13.6
Adjustments in respect of prior years	**1.9**	0.3
Deferred tax unrecognised this period	**(2.3)**	(0.5)
Disallowed expenses and non-taxable income	**(2.1)**	(2.8)
Difference in UK and overseas rate	**(0.2)**	–
Impact of rate change on opening DT	**–**	0.1
Income tax credit	**5.4**	10.7

10. Property, plant and equipment

	Property £m	Office equipment £m	Vehicles £m	Energy generation £m	Total £m
Cost					
At 1 May 2019	6.6	0.8	–	–	**7.4**
Additions	–	0.6	0.3	–	**0.9**
Disposals	–	–	–	–	**–**
At 30 April 2020	6.6	1.4	0.3	–	**8.3**
Additions	3.5	1.2	1.9	2.8	**9.4**
Disposals	–	–	–	–	**–**
At 30 April 2021	10.1	2.6	2.2	2.8	**17.7**
Depreciation					
At 1 May 2019	–	(0.4)	–	–	**(0.4)**
Charge for the period	(0.9)	(0.3)	–	–	**(1.2)**
Disposals	–	–	–	–	**–**
At 30 April 2020	(0.9)	(0.7)	–	–	**(1.6)**
Charge for the period	(2.1)	(0.5)	(0.3)	(0.1)	**(3.0)**
Disposals	–	–	–	–	**–**
At 30 April 2021	(3.0)	(1.2)	(0.3)	(0.1)	**(4.6)**
Net book value					
At 30 April 2021	7.1	1.4	1.9	2.7	**13.1**
At 30 April 2020	5.7	0.7	0.3	–	**6.7**
At 1 May 2019	6.6	0.4	–	–	**7.0**

During FY21 £2.5m of energy generation assets were acquired through business combinations.

Company

The Company had no tangible assets at 30 April 2021 (2020: £nil, and 2019: £nil).

11. Intangible assets

	Software development £m	Customer acquisitions £m	Goodwill £m	Total £m
Cost				
At 1 May 2019	4.8	42.5	0.6	**47.9**
Additions	3.0	79.7	5.6	**88.3**
At 30 April 2020	7.8	122.2	6.2	**136.2**
Additions	15.6	93.9	16.1	**125.6**
Impairment/disposals	–	–	–	**–**
At 30 April 2021	23.4	216.1	22.2	**261.8**
Amortisation				
At 1 May 2019	(1.2)	(10.7)	–	**(11.9)**
Charge for year	(1.9)	(29.5)	–	**(31.4)**
At 30 April 2020	(3.1)	(40.2)	–	**(43.3)**
Charge for year	(4.6)	(52.5)	–	**(57.1)**
Impairment/disposals	0.1	0.1	–	**0.2**
At 30 April 2021	(7.6)	(92.6)	–	**(100.2)**
Net book value				
At 30 April 2021	15.8	123.5	22.2	**161.5**
At 30 April 2020	4.7	82.0	6.2	**92.9**
At 1 May 2019	3.6	31.8	0.6	**36.0**

The carrying value of intangible assets as at 1 May 2019, the date of transition to IFRS, is based upon the net book value at that time of these assets under FRS 102. An impairment charge of £20k was identified for Affect Energy Limited and recognised in the 1 May 2019 balance. No intangible assets have been pledged as security for liabilities.

Software development cost represents the salaries and other cost associated with the development of the Kraken software. All software development cost assets included above were in use at the reporting period-ends.

Under IFRS goodwill is not amortised but is subject to an annual impairment test. In line with the transition provisions under IFRS 1, the net book value of goodwill at the date of transition to IFRS has been reviewed for impairment by management.

Impairment of goodwill is reviewed annually at the level of the cash generating units by comparing the goodwill held to the five year forecast. An impairment charge is taken in relation to the goodwill not recoverable. As at 30 April 2021 goodwill impairment testing has resulted in no impairment charges.

Company

The Company had no intangible assets at 30 April 2021 (2020: £nil, and 2019: £nil).

Notes to the financial statements (continued)

For the year ended 30 April 2021

12. Investments

Company

	As at 30 April 2021 £m	As at 30 April 2020 £m	As at 30 April 2019 £m
At 1 May	8.9	0.1	0.1
Investments during the period	7.5	8.8	–
At 30 April	16.4	8.9	0.1

Interests in Group undertakings

The list of all subsidiaries is as follows:

Name	Address of registered office	Nature of business	Interest 2021
Octopus Energy Limited*	6th Floor 33 Holborn, London, England, EC1N 2HT	Trade of electricity and gas	100%
Affect Energy Limited	6th Floor 33 Holborn, London, England, EC1N 2HT	Trade of electricity and gas	100%
Octopus Energy Services Limited*	6th Floor 33 Holborn, London, England, EC1N 2HT	Energy smart meter installer	100%
Octopus Electric Vehicles Limited*	6th Floor 33 Holborn, London, England, EC1N 2HT	Renting and leasing of cars and light motor vehicles	100%
Leyland Metering Services Limited (dormant)	6th Floor 33 Holborn, London, England, EC1N 2HT	Meter installation	100%
Kraken Technologies Limited*	6th Floor 33 Holborn, London, England, EC1N 2HT	Business and domestic software development	100%
Octopus Energy Hatchery Limited*	6th Floor 33 Holborn, London, England, EC1N 2HT	Environmental consulting activities	75%
Octopus Energy Australia Pty Limited	'Como Centre' Suite 201 Level 2, 644 Chapel Street, South Yarra VIC 3141	Provider of IT engineering services	100%
Octopus Energy Germany GmbH	4hundred GmbH, Ernst-Heimeran-Weg 10, 82319 Starnberg, Germany	Trade of electricity and gas	100%
Octopus Energy Hydrogen Limited	6th Floor 33 Holborn, London, England, EC1N 2HT	Other business support service activities	100%
Octopus Energy Generation Holdco Limited*	6th Floor 33 Holborn, London, England, EC1N 2HT	Holding company	100%
Octopus Energy Generation No.1 Limited	6th Floor 33 Holborn, London, England, EC1N 2HT	Production of electricity	100%
Octopus Energy Generation No.2 Limited	6th Floor 33 Holborn, London, England, EC1N 2HT	Production of electricity	100%
Octopus Energy NZ Limited*	46 Ellice Street, Mount Victoria, Wellington, 6011	Production of electricity	100%
Octopus Energy US Inc.	2700 Post Oak Blvd FL 21, Houston, TX, 77056-5797, United States	Holding Company	100%
Octopus Energy LLC	2700 Post Oak Blvd FL 21, Houston, TX, 77056-5797, United States	Trade of electricity and gas	100%
Octopus Energy US Mezzanine LLC	2700 Post Oak Blvd FL 21, Houston, TX, 77056-5797, United States	Holding Company	100%
KrakenFlex Limited	6th Floor 33 Holborn, London, England, EC1N 2HT	Other information technology service activities	100%
Smart Pear Limited	Popeshead Court Offices, Peter Lane, York, United Kingdom, YO1 8SU	Other information technology service activities	100%

All of the above subsidiaries are included in consolidation.

*indicates direct investment of Octopus Energy Group Limited

13. Acquisitions

During the year ended 30 April 2021, the Group made five acquisitions:

- Evolve Energy Inc
- Upside Energy Limited
- Octopus Energy Generation No.1 Limited (formerly known as GVO)
- Octopus Energy Generation No.2 Limited (formerly known as CB1)
- Smart Pear Limited

Below are the summaries of the assets acquired and liabilities assumed and the purchase consideration of:

a) the total of acquisitions
b) Evolve Energy Inc
c) Upside Energy Limited
d) Octopus Energy Generation No.1 Limited
e) Octopus Energy Generation No.2 Limited
f) Smart Pear Limited

a) Total of acquisitions

	Total £m
Intangible assets	4.3
Property, plant and equipment	2.4
Non current assets	6.7
Inventories	–
Trade and other receivables	0.4
Cash and cash equivalents	0.7
Deferred tax	0.4
Total assets	8.2
Trade and other payables	(1.0)
Current liabilities	(1.0)
Borrowings	(3.0)
Deferred tax liabilities	–
Total liabilities	(4.0)
Net assets of businesses acquired	4.2
Initial cash consideration paid	16.2
Non-cash consideration	1.0
Fair value of deferred consideration	2.3
Total consideration	19.5
Goodwill arising on acquisition	15.2

Notes to the financial statements (continued)

For the year ended 30 April 2021

13. Acquisitions (continued)

b) Evolve Energy Inc

	Total £m
Trade and other receivables	–
Cash and cash equivalents	0.1
Total assets	0.1
Trade and other payables	(0.1)
Total liabilities	(0.1)
Net liabilities of business acquired	–
Initial cash consideration paid	2.0
Non-cash consideration	0.8
Total consideration	2.8
Goodwill arising on acquisition	2.8

On 21 September 2020, the Group acquired 100% of the equity of Evolve Energy Inc, a United States, Texas State based energy supply company. The acquisition was made in line with the Group's continued vision of international expansion.

The initial cash consideration paid was £2m in addition to non cash consideration of shares in Octopus Energy Group Limited worth £0.8m.

The excess of the fair value of the consideration paid over the value of the net liabilities represents the opportunity for the Group to leverage off the foothold Evolve has already established within the USA. This acquisition permits Octopus Energy to have immediate entry into the Texas market as Evolve has its Electric Reliability Council of Texas (ERCOT) licence, which is overseen by the Federal Energy Regulatory Commission (FERC). Expansion into other US states would be facilitated by this acquisition.

Evolve Energy contributed £0.7m of revenue and a loss after tax of (£2.9m) for the year ended 30 April 2021.

c) Upside Energy Limited

	Total £m
Intangible assets	2.7
Property, plant and equipment	–
Non current assets	2.7
Inventories	–
Trade and other receivables	0.1
Cash and cash equivalents	0.4
Total assets	3.2
Trade and other payables	(0.8)
Current liabilities	(0.8)
Borrowings	(0.8)
Total liabilities	(1.6)
Net assets of businesses acquired	1.6
Initial cash consideration paid	8.4
Non-cash consideration	–
Fair value of deferred consideration	–
Total consideration	8.4
Goodwill arising on acquisition	6.7

On 30 October 2020 the Group purchased the entire share capital of Upside Energy Limited, a UK-based Distributed Energy Resource Management System for a total consideration of £8.4m.

The new energy technology hub will play a pivotal role in achieving Octopus' ambition of making the UK the 'Silicon Valley of Energy'. It will help develop the smart grid technologies required for a green energy system and the electrification of transport and heating. The new partnership will enable Kraken to automatically manage energy devices, adding another layer to its tech stack offering. The fast-growth disruptor is targeting 100 million energy accounts on its platform by 2027.

The excess of the fair value of the consideration paid over the value of the assets acquired represents goodwill of £6.7m, this constitutes the further capability that the integration of Upside's data science and artificial intelligence expertise will add to Kraken.

Upside Energy Limited contributed £0.3m of revenue and a loss after tax of (£0.1m) for the year ended 30 April 2021.

d) Octopus Energy Generation No.1 Limited & e) Octopus Energy Generation No.2 Limited

	Octopus Energy Generation No.1 Limited Total £m	Octopus Energy Generation No.2 Limited Total £m
Property, plant and equipment	1.2	1.3
Non current assets	1.2	1.3
Trade and other receivables	0.1	0.1
Cash and cash equivalents	0.1	–
Deferred tax asset	0.4	–
Total assets	1.8	1.4
Trade and other payables	(0.1)	–
Current liabilities	(0.1)	–
Borrowings	(1.0)	(1.2)
Deferred tax liabilities	–	–
Total liabilities	(1.1)	(1.2)
Net assets of businesses acquired	0.7	0.2
Initial cash consideration paid	1.9	1.6
Total consideration	1.9	1.6
Goodwill arising on acquisition	1.2	1.4

In addition, on 30 October 2020 the Group acquired 100% of the interest of 2 special purpose vehicles Carr Farm (England) (Octopus Energy Generation No.1 Limited, formerly GVO) and Cefn Bach (Wales) (Octopus Energy Generation No.2 Limited, formerly CB1) which own turbine assets. For a total cash consideration of £1.9m and £1.6m.

The goodwill arising on acquisition represents the expected future synergies of the business.

For the year ended 30 April 2021 Octopus Energy Generation No.1 Limited contributed £0.2m revenue and £0.04m profit after tax. Octopus Energy Generation No.2 Limited contributed £0.2m revenue and £0.04m profit after tax.

Notes to the financial statements (continued)

For the year ended 30 April 2021

13. Acquisitions (continued)

f) Smart Pear Limited

	Total £m
Intangible assets	1.6
Property, plant and equipment	-
Non current assets	1.6
Trade and other receivables	-
Cash and cash equivalents	0.1
Total assets	1.7
Trade and other payables	-
Total liabilities	-
Net assets of businesses acquired	1.7
Initial cash consideration paid	2.5
Fair value of deferred consideration	2.3
Total consideration	4.8
Goodwill arising on acquisition	3.1

100% of the privately held shares of Smart Pear Limited were purchased 14th April 2021 for an initial cash consideration of £2.5m. The current deferred consideration payable represents the fair value of the estimated amounts payable for two separate milestones being achieved.

Smart Pear is a UK based technology business operating 'software as a solutions' (SaaS) for connecting to the infrastructure delivered by the Data Communications Company. To deliver this, Smart Pear have built from scratch a cloud based, native adapter (DCC Adapter) to connect devices to the DCC network. The adapter allows energy suppliers and other users to exchange information with the DCC network.

The excess of the fair value of the consideration paid over the fair value of the assets acquired is represented by technology related intangibles of £1.6m with residual goodwill of £3.1m. The goodwill represents the further capability that the integration of Smart Pear's data science and artificial intelligence expertise will add to Kraken.

14. Associates

On 7th January 2021, alongside Tokyo Gas United Kingdom Limited, the Group launched the Octopus Energy brand in Japan, incorporating TG Octopus Energy Co., Ltd, with a 30% holding for consideration of £2.9m.

Octopus Energy in Japan will provide 100% renewable electricity amongst other services, helping to drive green energy in the world's biggest competitive energy market. Octopus's technology platform Kraken will be licensed by the Company to deliver an improved customer experience and cleaner and smarter energy solutions to Japanese households. In aggregate this will function as a launchpad for Octopus's expansion into the Asian market.

At the 30th April 2021, the detail of the Group's investment in associates are as follows:

Name of associate	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Group 34/04/2021	30/04/2020
TG Octopus Energy Co., Ltd	Electricity supply	Japan	30%	–

All of the above associates are accounted for using the equity method and the carrying value of the Group's investment is as follows:

	As at 30 April 2021 £m
At 1 May	–
Investment during the period	2.9
Share of loss	(0.1)
At 30 April	2.8

Summarised financial information in respect of each of the Group's material associates is set out below. Greater detail is not disclosed on the grounds of materiality.

	As at 30 April 2021 £m
Net operating loss	–
Finance expense	–
Non-current assets	–
Current assets	9.2
Total assets	9.2
Non-current liabilities	–
Current liabilities	(0.2)
Total liabilities	(0.2)
Net assets/(liabilities)	9.0

The associate had no other contingent liabilities or commitments as at 30 April 2021.

The board of Directors have not proposed, approved or paid any dividends in 2021.

15. Investment in joint venture

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

The investment is accounted for using the equity method and the carrying value of the Group's investment is as follows:

	As at 30 April 2021 £m	As at 30 April 2020 £m
At 1 May	–	–
Investment during the period	–	0.1
Share of loss	–	(0.1)
At 30 April	–	–

Notes to the financial statements (continued)

For the year ended 30 April 2021

15. Investment in joint venture (continued)

The consolidated financial information of the joint venture is set out below. Greater detail is not disclosed on the grounds of materiality.

	As at 30 April 2021 £m	As at 30 April 2020 £m
Net operating loss	(0.3)	(0.1)
Finance expense	–	–
Non-current assets	–	–
Current assets	0.2	0.2
Total assets	0.2	0.2
Non-current liabilities	–	–
Current liabilities	(0.4)	(0.1)
Total liabilities	(0.4)	(0.1)
Net assets/(liabilities)	(0.2)	0.1

The joint venture had no other contingent liabilities or commitments as at 30 April 2021 or 30 April 2020.

The board of Directors have not proposed, approved or paid any dividends in 2021 (2020: £nil).

16. Trade and other receivables

The following balances are all due to be realised within one year of the reporting date:

	Group			Company		
	As at 30 April 2021 £m	As at 30 April 2020 £m	As at 1 May 2019 £m	As at 30 April 2021 £m	As at 30 April 2020 £m	As at 1 May 2019 £m
Trade receivables	139.9	106.0	37.1	–	–	–
Other receivables	33.3	110.0	16.2	24.9	109.2	–
Amounts owed by Group undertakings	–	–	–	169.0	1.4	–
Corporation tax receivable	7.7	12.0	8.9	–	0.2	–
Prepayments	60.0	54.6	1.4	1.3	–	–
Contract assets	129.4	94.8*	31.8	–	–	–
	370.3	377.4	95.4	195.2	110.8	–

* While preparing the financial statements for the year ended 30 April 2021, management noticed that the prior year customer balances of contract assets were not fully net off against contract liabilities. This has been retrospectively adjusted in the current year accounts, decreasing contract assets and contract liabilities by £88.4m and has no impact on profit or net assets for the year ended 30 April 2020.

Other receivables includes cash amounts owed from Origin Energy and Tokyo Gas in respect of shares issued in March 2021.

Further disclosures relating to trade and other receivables are set out in note 18.

Trade and other receivables: Amounts falling due after more than one year

	Group			Company		
	As at 30 April 2021 £m	As at 30 April 2020 £m	As at 1 May 2019 £m	As at 30 April 2021 £m	As at 30 April 2020 £m	As at 1 May 2019 £m
Other receivables	124.7	86.8	–	124.3	86.7	–
Amounts owed by Group undertakings	–	–	–	–	34.2	58.0
	124.7	86.8	–	124.3	120.9	58.0

At 30 April 2021 other receivables includes cash amounts owed from Origin Energy and Tokyo Gas in respect of shares issued in March 2021. Amounts owed from other receivables at 30 April 2020 includes cash amounts owed from Origin Energy in respect of shares issued on 30 April 2020.

Further disclosures relating to trade and other receivables are set out in note 18.

17. Trade and other payables: Amounts falling due within one year

	Group			Company		
	As at 30 April 2021 £m	As at 30 April 2020 £m	As at 1 May 2019 £m	As at 30 April 2021 £m	As at 30 April 2020 £m	As at 1 May 2019 £m
Liabilities held at amortised cost						
IFRS 16 lease liability <1 year (see note 22)	2.7	1.7	0.6	–	–	–
Trade payables	33.9	32.8	21.0	–	–	–
Other payables	2.4	147.7	1.3	0.4	37.3	–
Accruals	360.0	223.6	95.1	0.2	5.8	–
Amounts owed to Group undertakings	–	–	–	–	5.0	–
Contract liabilities	128.9	91.3*	32.5	–	–	–
	527.9	497.1	150.5	0.6	47.9	–

* Prior year numbers have been restated to reflect the offset of customer balances, see note 16 for more details.

Further disclosures relating to trade and other payables are set out in note 18 below.

Trade and other payables: Amounts falling due after more than one year

	Group			Company		
	As at 30 April 2021 £m	As at 30 April 2020 £m	As at 1 May 2019 £m	As at 30 April 2021 £m	As at 30 April 2020 £m	As at 1 May 2019 £m
Liabilities held at amortised cost						
IFRS 16 lease liability >1 year (see note 22)	6.1	4.4	6.0	–	–	–
Other payables	–	–	59.6	–	–	58.1
	6.1	4.4	65.6	–	–	58.1

Further disclosures relating to trade and other payables are set out in note 18 below.

Notes to the financial statements (continued)

For the year ended 30 April 2021

18. Financial Instruments

The Group has the following financial assets and financial liabilities at the reporting dates:

	As at 30 April 2021 £m	As at 30 April 2020 £m	As at 1 May 2019 £m
Financial assets			
Current assets			
Held at amortised cost:			
Cash and cash equivalents	**91.9**	23.3	28.1
Other financial assets	**302.6**	310.8	85.1
Total assets held at amortised cost	**394.5**	334.1	113.2
Financial liabilities			
Current liabilities			
Held at amortised cost:			
Financial liabilities	**(527.9)**	(497.1)	(150.5)
	(527.9)	(497.1)	(150.5)
Non-current liabilities			
Held at amortised cost:			
Financial liabilities	**(6.1)**	(4.4)	(65.6)
	(6.1)	(4.4)	(65.6)

The Group's financial risk management framework addresses the main risks arising from the Group's financial instruments, which are liquidity risk, credit risk and market risk. The Directors review and agree policies for managing these risks, which are summarised below:

Liquidity risk: the Group seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs, through ongoing forecasting of cashflows, and cash management.

Credit risk: credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables). The Group's exposure to credit risk is mitigated by the nature of its customer base and payment profiles. However, cash collections and aged debtor profiles payments are reviewed on an ongoing basis, to ensure any issues are escalated and reviewed.

Liquidity risk

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

As at 30 April 2021

	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	> 5 years £m	Total £m
IFRS 16 lease liability	–	–	2.7	4.0	2.1	8.8
Trade payables	–	33.9	–	–	–	33.9
Other payables	–	491.3	–	–	–	491.3
	–	525.2	2.7	4.0	2.1	534.0

As at 30 April 2020

	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	> 5 years £m	Total £m
IFRS 16 lease liability	–	–	1.7	3.4	1.0	6.1
Trade payables	–	32.8	–	–	–	32.8
Other payables	–	462.6	–	–	–	462.6
	–	495.4	1.7	3.4	1.0	501.5

As at 1 May 2019

	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	> 5 years £m	Total £m
IFRS 16 lease liability	–	–	0.6	4.9	1.1	6.6
Trade payables	–	21.0	–	–	–	21.0
Other payables	–	128.9	–	59.6	–	188.5
	–	149.9	0.6	64.5	1.1	216.1

Credit risk

The movement in the Expected Credit Loss ('ECL') impairment allowance can be reconciled as follows:

	As at 30 April 2021 £m	As at 30 April 2020 £m	As at 1 May 2019 £m
Trade receivables and contract assets	**348.4**	265.8	84.0
Less: allowance for impairment	**(79.2)**	(65.0)	(15.0)
Net contract assets	**269.2**	200.8	69.0

The Group uses the Lifetime ECL which is adjusted via the profit and loss account. See note 26 for further information.

Group capital

The Group's capital includes issued capital, preference shares, and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value, whist at the same time operating within a capital framework that interacts efficiently with liquidity risk, credit risk and market risk frameworks discussed above.

Movements in the Group's issued capital, share premium, preference shares, and all other equity reserves attributable to the equity holders of the parent are as set out in the Consolidated Statement of Changes in Equity.

Notes to the financial statements (continued)

For the year ended 30 April 2021

19. Share capital

	As at 30 April 2021 No.	As at 30 April 2021 £	As at 30 April 2020 No.	As at 30 April 2020 £	As at 1 May 2019 No.	As at 1 May 2019 £
Allotted, called up and fully paid						
A Ordinary shares at £0.00025 each	**–**	**–**	–	–	72,500,023	18,125
A1 Ordinary shares at £0.00025 each	**109,799,115**	**27,450**	94,355,000	23,589	–	–
A2 Ordinary shares at £0.0001 each	**3,858,117**	**386**	2,746,100	275	–	–
B Ordinary shares at £0.0001 each	**13,160,265**	**1,316**	13,609,300	1,361	15,110,075	1,511
C Ordinary Shares at £0.0001 each	**3,713,263**	**371**	3,844,900	384	4,280,073	428
D Ordinary shares at £0.0001 each	**3,777,083**	**378**	3,902,100	390	4,320,095	432
E Ordinary shares at £0.001 each	**2,500,000**	**2,500**	2,500,000	2,500	2,500,000	2,500
F Ordinary shares at £0.0001 each	**4,222,380**	**422**	4,548,000	455	4,940,094	494
	141,030,223	**32,823**	94,355,000	28,954	103,650,359	23,490

Rights attaching to the shares

Voting rights as a percentage of total voting rights are as follows: A1 Ordinary and A2 Ordinary shares proportionally – 75.001%; B Ordinary shares – 14.999%; and E Ordinary shares – 10%. No other share class confers voting rights.

With the exception of the E Ordinary shares, all share classes confer the right to receive a distribution of profits pari passu.

On a return of assets, after discharging liabilities, any surplus will be used to first pay holders of all share classes pari passu, with the exception of the E Ordinary shares, an amount equal to the nominal value of such shares; secondly an aggregate sum of £10,000 proportionally to the holders of the E Ordinary shares; and any remaining balance will be paid to the holders of all share classes pari passu with the exception of the holders of E Ordinary shares.

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

During the year the Company carried out the following share transactions:

- 218,550 A1 Ordinary shares of £0.025 each were issued and allotted
- 40 B Ordinary shares of £0.01 each were converted into A2 Ordinary shares of £0.01 each
- 3,928 F Ordinary shares of £0.01 each were converted into 3,928 A2 Ordinary shares of £0.01 each
- 13 B Ordinary shares of £0.01 each were issued and allotted
- 13 B Ordinary shares of £0.01 each were cancelled
- The share premium account was reduced by £11,361.35

On 26 November 2020, the Company carried out the following further transactions:

- 943,550 A1 ordinary shares of £0.025 were sub-divided into 94,355,000 A1 ordinary shares of £0.00025 each
- 27,461 A2 ordinary shares of £0.01 were sub-divided into 2,746,100 A2 ordinary shares of £0.0001 each
- 136,093 B ordinary shares of £0.01 were sub-divided into 13,609,300 B ordinary shares of £0.0001 each
- 38,449 C ordinary shares of £0.01 were sub-divided into 3,844,900 C ordinary shares of £0.0001 each
- 39,021 D ordinary shares of £0.01 were sub-divided into 3,902,100 D ordinary shares of £0.0001 each
- 25,000 E ordinary shares of £0.10 were sub-divided into 2,500,000 E ordinary shares of £0.001 each and
- 45,480 F ordinary shares of £0.01 were sub-divided into 4,548,000 F ordinary shares of £0.0001 each

On 9 March 2021, the following transactions were made:

- 58,205 F Ordinary shares of £0.0001 each were allotted and issued
- 15,444,115 A1 Ordinary shares of £0.00025 each were allotted
- An aggregate of 449,035 B Ordinary shares, 131,637 C Ordinary shares, 125,017 D Ordinary shares and 383,825 F Ordinary shares all with a nominal value of £0.0001 each were converted into 1,089,514 A2 Ordinary shares of £0.0001 each and a further 22,503 Ordinary A2 shares were issued and allotted.

20. Reserves

Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Non-controlling interests

The movement in non-controlling interests was as follows:

	As at 30 April 2021 £m	As at 30 April 2020 £m
At 1 May	**–**	(0.2)
Total comprehensive income attributable to non-controlling interests	**(0.1)**	(0.7)
Acquisition of remaining interest in Octopus Energy Services Limited	**–**	0.9
At 30 April	**(0.1)**	–

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

Other reserves

Comprises the fair value of share options recognised as an expense.

	As at 30 April 2021 £m	As at 30 April 2020 £m	As at 1 May 2019 £m
Share options	**1.5**	0.4	–

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

Accumulated losses

Includes all current and prior periods retained accumulated losses.

Notes to the financial statements (continued)

For the year ended 30 April 2021

21. Share based payments

The Group grants share options to all of the Group's employees, the exercise price is set dependent upon the employee's joining date. Options are conditional upon the employee completing four years' service (the vesting period). The options are exercisable upon a liquidity event arising. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The share-based payment charge included in profit or loss for the year ended 30 April 2021 was £1.1m (30 April 2020: a charge of £0.4m).

Details of the number of share options and the weighted average exercise price outstanding during the period are as follows:

	30 April 2021		30 April 2020	
	Weighted average exercise price £	Number	Weighted average exercise price £	Number
Outstanding at beginning of year	6.55	612,565	–	–
Granted during the year	6.91	1,999,665	6.55	612,565
Exercised during the year	6.55	58,205	–	–
Lapsed during the year	6.55	16,381	–	–
Outstanding at the end of the year	6.67	2,135,361	6.55	612,565
Exercisable at year-end	–	–	–	–

The range of exercise prices in respect of options outstanding at 30 April 2021 is £6.55 to £8.84 (2020: £6.55). The weighted average remaining contractual life of outstanding options at 30 April 2021 is 10 years (2020: 10 years).

22. Leases

The Group has lease contracts for rental premises, electric vehicles and other equipment used in its operations. As at the date of transition to IFRS, 1 May 2019, the Group was lessee for offices and farmland. The Group has taken advantage of the exemption under IFRS 1 to apply hindsight when adopting IFRS 16 on the date of transition.

The right of use assets and lease liabilities shown in the Consolidated Statement of Financial Position are in respect of these leases.

The carrying amounts of right of use assets, and the movements during the period, are shown in note 10 above. All payments due on these leases are fixed under the terms of the relevant lease agreements, with the exception of one that is adjusted annually to RPI.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	As at 30 April 2021 £m	As at 30 April 2020 £m
At 1 May	6.1	–
Additions	4.8	6.6
Accretions of interest	0.4	0.1
Payments	(2.5)	(0.6)
At 30 April	8.8	6.1
Current	2.7	1.7
Non-current	6.1	4.4

The following amounts are recognised in the Consolidated Statement of Comprehensive Income:

	As at 30 April 2021 £m	As at 30 April 2020 £m
Depreciation of right of use assets	2.3	1.0
Accretions of interest on lease liabilities	0.4	0.1

In respect of leases accounted for under IFRS 16, the Group had total cash outflows for leases of £2.5m in 2021 (£0.6m in 2020). The Group also had non-cash additions to right-of-use assets of £nil in 2021 (£nil in 2020).

The Group also has certain leases with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases. Minimum leases payments under non-cancellable operating leases in respect of these items are as follows:

	As at 30 April 2021 £m	As at 30 April 2020 £m
Leases maturing:		
No later than one year	147.9	29.0
Later than one year and not later than five years	–	60.1
Total	147.9	89.1

The charge taken through the Consolidated Statement of Comprehensive Income in respect of these leases in 2021 totals £0.4m (2020: £29k).

Notes to the financial statements (continued)

For the year ended 30 April 2021

23. Related party transactions

Transactions with key management personnel

The Directors are considered to be the key management personnel. Key management remuneration is disclosed in note 7. There were no amounts receivable from, or payable to, key management personnel at 30 April 2021 (30 April 2020: £nil).

Transactions with ultimate parent company

All amounts due to Octopus Capital Limited on secured loans were paid back within the year (2020: £126.3m), in addition to the interest accrued (2020: £10.4m).

Transactions with shareholders

There are amounts due from shareholders for a total of £148.8m with £124.4m of this amount falling due after one year (2020: £109m). These amounts are primarily owed as part of the equity investment from investor Origin Energy. In addition, £26.3m of revenue has been recognised within the year from Origin Energy, with a total of £6.3m accrued at 30 April 2021.

All transactions with related parties were conducted on an arms' length basis.

24. Controlling party

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

25. Events after the reporting date

Since 30 April 2021, Octopus Energy Limited has agreed to acquire the customer book of Avro Energy through the Supplier of Last Resort process with the Energy Regulator, Ofgem. This will add around 580,000 customers to Octopus Energy Limited's customer book. All customers will be migrated into the Octopus Energy business.

The Group acquired 100% of the issued share capital of Octopus Renewables Limited on 2 July 2021 for a total consideration of £53m. This comprises an initial payment of £18m and deferred contingent payments based on estimated revenue growth over five years, with a determined fair vale of £35m.

On 19 July 2021, the Group acquired 100% of the privately held shares of Umeme Energia, an energy supply company in Spain for £1.3m.

On 27 September 2021, the Group agreed a £423m investment deal with Generation Investment Management for a c.13% stake in the business. The deal consists of £211.5m immediate investment with the remainder to follow by June 2022 subject to certain further funding conditions.

Other than those already listed, the Directors are not aware of any further matters or circumstances that have significantly affected or may significantly affect the Company.

26. First-time adoption of IFRS

These consolidated financial statements, for the year ended 30 April 2021, are the first the Group has prepared in accordance with IFRS. For periods up to and including the year ended 30 April 2020, management prepared its consolidated financial statements in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102').

Accordingly, the Group has prepared consolidated financial statements that comply with IFRS applicable as at 30 April 2021, together with the comparative period data for the year ended 30 April 2020, as described in the summary of significant accounting policies below, and in line with the requirements of IFRS 1, *First time Adoption of International Financial Reporting Standards*.

In preparing the consolidated financial statements, the Group's opening statement of financial position was prepared as at 1 May 2019, the Group's date of transition to IFRS. This note explains the principal adjustments made by the Group in restating its FRS 102 financial statements, including the consolidated statement of financial position as at 1 May 2019 and the consolidated financial statements as of and for the year ended 30 April 2020.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The Group has applied the following exemptions:

- IFRS 3, *Business Combinations*, has not been applied to either acquisitions of subsidiaries that are considered businesses under IFRS, or acquisitions of interests in associates and joint ventures that occurred before 1 May 2019. Use of this exemption means that the FRS 102 carrying amounts of assets and liabilities, that are required to be recognised under IFRS, are their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS consolidated statement of financial position. The Group did not recognise any assets or liabilities that were not recognised under FRS 102 or exclude any previously recognised amounts as a result of IFRS recognition requirements.
- IFRS 1 also requires that the FRS 102 carrying amount of goodwill must be used in the opening IFRS consolidated statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with IFRS 1, the Group has tested goodwill for impairment at the date of transition to IFRS and an impairment charge of £26.6k has been recognised at transition date (see note 11).
- Property, plant and equipment has been accounted for under IAS 16, *Property, Plant and Equipment*, at historical cost less accumulated depreciation and any accumulated impairment losses. There is no change at transition date from the values previously recorded under FRS 102.
- Share-based payment transactions that were settled before 1 May 2019, are not restated in line with IFRS 2, *Share-based Payment*.
- The Group has adopted IFRS 16, Leases, for the first time as at 1 May 2019, and has applied the following exemptions allowed under IFRS 1:
  - the Group has elected to measure the lease liability and right-of-use asset at the date of transition to IFRS, 1 May 2019, rather than under full retrospective application. Under this approach, the lessee measures the lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to IFRS. The right-of-use asset has been measured at the date of transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments immediately before that date;
  - the Group has elected to exclude leases for which the lease term ends within 12 months of the date of transition to IFRS, or which are for low value items. Initial direct costs have also been excluded from the measurement of the right-of-use asset at transition date; and
  - hindsight has been applied, when determining the lease term if the contract contains options to extend or break the lease.

Reconciliations

Reconciliations for the comparative data, to reflect the impact of the transition from FRS 102 to IFRS, are given overleaf in respect of:

- Consolidated statement of financial position as at 1 May 2019;
- Consolidated statement of financial position as at 30 April 2020; and
- Consolidated statement of comprehensive income for year-end 30 April 2020.

No material adjustments to the consolidated statement of cash flows, other than those resultant from the recognition of the non-cash items as required by IFRS (i.e. depreciation of right-of-use assets).

Notes to the financial statements (continued)

For the year ended 30 April 2021

26. First-time adoption of IFRS (continued)

Reconciliation of Consolidated statement of financial position as at the date of transition to IFRS, 1 May 2019 (unaudited)

	Notes	FRS 102 (unaudited) £m	Reclassifications & remeasurements £m	IFRS transition Consolidated Statement of Financial Position £m
Non-current assets				
Property, plant and equipment	1	0.3	6.7	7.0
Investments accounted for using the equity method		–	–	–
Intangible assets		36.0	–	36.0
Total non-current assets		36.3	6.7	43.0
Current assets				
Trade and other receivables	1	99.6	(4.2)	95.4
Cash at bank and in hand		28.1	–	28.1
Total current assets		127.7	(4.2)	123.5
Current liabilities				
Trade and other payables	1	(149.8)	(0.7)	(150.5)
Total net current assets/(liabilities)		(22.1)	(4.9)	(27.0)
Non-current liabilities				
Trade and other payables	1	(59.6)	(6.0)	(65.6)
Net assets/(liabilities)		(45.4)	(4.2)	(49.6)
Capital and reserves				
Called up share capital		–	–	–
Share premium account		–	–	–
Non-controlling interests		(0.2)	–	(0.2)
Other reserves		–	–	–
Accumulated profits	1	(45.2)	(4.2)	(49.4)
Total equity		(45.4)	(4.2)	(49.6)

Note 1 – IFRS 16 and 9 adjustment at transition date:

	£m	
Property, plant and equipment	**6.7**	Right of use asset
Debtor: trade and other receivables	**(4.2)**	Unbilled ECL and tax
Creditors: amounts falling due within one year	**(0.7)**	Current lease liability
Creditors: amounts falling due more than one year	**(6.0)**	Non-current lease liability
	(4.2)	

Reconciliation of Consolidated statement of financial position as at 30 April 2020

	Notes	FRS 102 £m	Reclassifications & remeasurements £m	Adjusted IFRS £m
Non-current assets				
Property, plant and equipment	1	1.0	5.7	6.7
Intangible assets	2	92.2	0.7	92.9
Investments accounted for using the equity method		–	–	–
Trade and other receivables		86.8	–	86.8
Total non-current assets		180.0	6.4	186.4
Current assets				
Trade and other receivables	1	390.5	(13.1)	377.4
Cash at bank and in hand		23.3	–	23.3
Total current assets		413.8	(13.1)	400.7
Current liabilities				
Trade and other payables	1	(495.4)	(1.7)	(497.1)
Non-current liabilities				
Trade and other payables		–	(4.4)	(4.4)
Net assets/(liabilities)		98.4	(12.8)	85.6
Capital and reserves				
Called up share capital		–	–	–
Share premium account		198.6	–	198.6
Non-controlling interests		–	–	–
Other reserves		0.4	–	0.4
Accumulated losses	1,2	(100.6)	(12.8)	(113.4)
Total equity		98.4	(12.8)	85.6

Note 1 – IFRS 16 and 9 adjustment:

	£m	
Property, plant and equipment	**5.7**	Right of use asset
Debtors: trade and other receivables	**(13.1)**	Unbilled ECL and tax
Creditors: amounts falling due within one year	**(1.7)**	Current lease liability
Creditors: amounts falling due more than one year	**(4.4)**	Long-term lease liability
	(13.5)	

Note 2 – Goodwill adjustment:

	£m
Goodwill impairment on transition date	**–**
Add back amortisation of goodwill	**0.7**
Net adjustment to goodwill	**0.7**

Notes to the financial statements (continued)

For the year ended 30 April 2021

26. First-time adoption of IFRS (continued)

Reconciliation of Consolidated statement of comprehensive income for year-ended 30 April 2020

	Notes	FRS 102 £m	Reclassifications & remeasurements £m	Adjusted IFRS £m
Revenue		1,240.8	–	1,240.8
Cost of sales		(1,173.9)	–	(1,173.9)
Gross profit		66.9	–	66.9
Administrative expenses	1	(119.1)	(10.6)	(129.7)
Other operating income/(loss)		–	–	–
Operating profit/(loss)		(52.2)	(10.6)	(62.8)
Share loss joint venture		(0.1)	–	(0.1)
Finance expense	2	(8.8)	(0.1)	(8.9)
Loss before taxation		(61.1)	(10.7)	(71.8)
Tax credit on loss	3	8.5	2.2	10.7
Loss for the financial year		(52.6)	(8.5)	(61.1)
Other comprehensive income		–	–	–
Total comprehensive loss for the year		(52.6)	(8.5)	(61.1)

Note 1 – Administrative expenses adjustment:

	£m
Add back: goodwill amortisation	**0.7**
Add back: FRS 102 operating lease rent expense	**0.6**
Less: IFRS 9 unbilled revenue ECL	**(11.1)**
Less: IFRS 16 right of use asset depreciation	**(0.9)**
Net adjustment	**(10.6)**

Note 2 – Interest payable adjustment:

	£m
IFRS 16 lease liability	**(0.1)**

Note 3 – Tax on credit loss adjustment:

	£m
IFRS tax adjustments	**2.2**

Statutory Company information

Directors
G Jackson
S Jackson
J Eddison
C Hulatt
S Rogerson
M Lawrence
J Briskin

Company Secretary
Octopus Company Secretarial Services Limited

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

Bankers
HSBC plc
31 Holborn
London
EC1N 2HR

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Octopus Energy Group Limited is a company registered in England and Wales
Registered number: 09718624
Registered office: 6th Floor, 33 Holborn, London EC1N 2HT