



## **Consolidated Segmental Statements**

**31<sup>st</sup> December 2023**

In accordance with Electricity Supply Licence Condition and Gas Supply Licence Condition 19A - Financial Information Reporting (collectively "Licence Conditions"), So Energy Trading have prepared this Consolidated Segmental Statement for the year ended 31<sup>st</sup> December 2023.

## **Section 1 – Basis of Preparation**

This Consolidated Segmental Statement has been prepared using the audited financial statements of the Licensee which are publicly available on Companies House.

Set out within section 1 is the basis of preparation for the Consolidated Segmental Statement.

### ***1. Revenue from sales of electricity and gas***

This includes all electricity and gas sales made by the Licensee. During the financial year ended 31<sup>st</sup> December 2023, the Licensee only made sales to Domestic customers.

Revenue during the year included;

1. Amounts billed directly to the customer, capped, under the Governments Energy Price Guarantee.
2. Amounts received from the Government as compensation under the Governments Energy Price Guarantee.
3. Exit fees and other fees not directly related to consumption of energy

Where revenue is not recorded as fuel specific, they are allocated on the basis of customer ratios.

### ***2. Other revenue***

This includes other sales made by the Licensee not covered in revenue from sales of electricity and gas.

### ***3. Direct fuel costs***

This is the cost of electricity and gas procured by the Licensee as part of its supply activities. This includes the wholesale energy costs and where relevant the cost of its hedging activities as well as costs associated with balancing and shaping hedging profiles.

### ***4. Transportation costs***

Costs attributable to the supply of electricity include the following;

1. Distribution Use of System (DUoS)
2. Balancing Use of System (BSUoS)
3. Transmission Network Use of System (TNUoS)
4. Assistance for Areas with High Electricity Distribution (AAHED)
5. All associated reconciliation costs

Costs attributable to the supply of gas include the following;

1. Gas capacity costs
2. Gas commodity charges
3. Independent gas transporter costs
4. All associated reconciliation costs

#### *5. Environmental and social obligation costs*

These costs include all relevant obligations created through the supply of gas and electricity to domestic customers.

Costs attributable to the supply of electricity include the following;

1. Renewable Obligation Certificates (ROC)
2. Renewable Energy Guarantees of Origin (REGO)
3. Feed in Tariff (FiT)
4. Contracts for Difference (CfD)
5. Capacity Market

Costs attributable to the supply of gas include the following;

1. Green Gas Levy (GGL)

The following costs have been split according to the market share of gas and electricity;

1. Energy Company Obligation (ECO)
2. Warm Home Discount (WHD)

All costs are recognised on an accruals basis.

#### *6. Other direct costs*

This includes all costs which do not fall in to the above categories and in particular cost of operating Smart Meter data communications.

#### *7. Indirect costs*

Indirect costs include internal operating costs for the supply of electricity and gas to domestic customers.

This classification excludes the cost of developing customer platforms which are capitalised and amortised over the appropriate period.

The categorisation of Indirect costs as follows;

1. Metering – the cost of operating and maintaining customer metering and communications
2. Employment – the cost of engaging appropriate resources
3. IT systems – the cost of maintaining customer facing and internal systems
4. Marketing – the cost of advertising the Licensee's business and services
5. Bad debt – the cost of non-payment of supply of both gas and electricity
6. Cost to Serve – other costs attributable to the supply of the Licensees products and services

#### *8. EBITDA*

In compliance with accounting standards this means earnings before interest, tax, depreciation, and amortisation. EBITDA is all revenues less total operating costs.

#### *9. Depreciation and Amortisation*

The Licensee opts to capitalise the cost of acquiring its customers and recognises this cost over a period of 2 years as amortisation.

All other capitalised costs are depreciated over a generally accepted useful life.

#### *10. EBIT*

This means earnings before interest and tax.

EBIT is all revenues less total operating costs and depreciation and amortisation. The Licensee does not include mark to market valuation of derivatives in its financial statements and as such is excluded from the Consolidated Segmental Statement.

EBIT is the recognised profit or loss of the Licensee

#### *11. Volume*

Volume is the supply of electricity rounded to the nearest TWh and gas to the nearest million therms.

Volume of supply is reconciled to industry settled data on a monthly basis.

#### *12. WACO F/E/G*

This represents the direct cost fuel in relation to the supply of electricity and gas used by the Licensee.

Weighted average cost of electricity (£/MWh)

Weighted average cost of gas (p/therm)

#### *13. Customer accounts*

Represents the average number domestic and meter points for both the supply of electricity and gas.

The average number of meterpoints on supply has been calculated by adding the monthly (end) number of meter points and dividing by 12.

Customer numbers have been rounded to the nearest thousand.

### **Section 2 – Trading and Hedging Approach**

So Energy bears the wholesale energy volume risk associated with supplying customers and manages exposure to wholesale energy prices by hedging in line with its Market Risk Management Policy, as approved by the Board. This policy requires the business to be within a 10% limit of its forecast wholesale energy exposure across both gas and power, according to customer level expected consumptions and dependent on tariff choice. For active choice tariffs, expected consumption is based on contract length. For default choice tariffs, expected consumption is based on a daily reference to the Ofgem default tariff cap wholesale price indexation period, as well as a forecast of those active choice tariff customers that would be transitioning to a default choice tariff.

## Section 3 – Consolidated Segmental Statement

	Unit	Electricity supply		Gas supply		Aggregate supply business
		Domestic	Non-domestic	Domestic	Non-domestic	
		2023	2023	2023	2023	
<b>Total revenue</b>	<b>£M</b>	<b>487.8</b>	<b>-</b>	<b>383.4</b>	<b>-</b>	<b>871.2</b>
Revenue from sale of electricity and gas	£M	486.6	-	382.1	-	868.8
Other revenues	£M	1.1	-	1.3	-	2.4
<b>Total operating costs</b>	<b>£M</b>	<b>481.2</b>	<b>-</b>	<b>395.6</b>	<b>-</b>	<b>876.8</b>
Direct fuel costs	£M	295.4	-	293.0	-	588.3
<i>Direct costs:</i>						
Transportation costs	£M	67.6	-	49.6	-	117.2
Environmental and social obligations costs	£M	70.8	-	12.3	-	83.0
Other direct costs	£M	4.2	-	3.7	-	7.8
Indirect costs	£M	43.4	-	37.1	-	80.5
<b>EBITDA</b>	<b>£M</b>	<b>6.6</b>	<b>-</b>	<b>(12.2)</b>	<b>-</b>	<b>(5.6)</b>
Depreciation and amortisation	£M	1.1	-	0.9	-	2.0
<b>EBIT</b>	<b>£M</b>	<b>5.5</b>	<b>-</b>	<b>(13.1)</b>	<b>-</b>	<b>(7.7)</b>
<b>Volume</b>	Twh / (m)therm	1.2	-	121.6	-	
<b>WACO E/G</b>	£/Mwh / p/th	255.0	-	241.0	-	
<b>YE Meterpoints</b>	'000	320.5	-	282.3	-	<b>602.7</b>
<b>Avg Meterpoints</b>	'000	294.7	-	260.9	-	<b>555.5</b>

## Adjustment for Reconciling Items

#	Items	Units	Electricity		Gas		Aggregate supply business	Adjust in CSS
			Domestic	Non-Domestic	Domestic	Non-Domestic		
1	Revenue relating to "other activities"	£'M	2.9	-	-	-	2.9	Yes
2	Direct costs relating to "other activities"	£'M	2.1	-	-	-	2.1	Yes
3	Indirect costs relating to "other activities"	£'M	0.6	-	-	-	0.6	Yes
4		£'M						
5		£'M						
6		£'M						
7		£'M						
8		£'M						
9		£'M						
10		£'M						