OVO Group Ltd
Annual Report and Financial Statements 2024

Powering change.

Our mission and purpose is powering human progress with clean affordable energy for everyone.

Making our uniforms work for all our people – page 19

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Who we are and what we do.

The OVO Group is a future-focused energy technology services company. OVO was the original energy challenger, founded to disrupt the status quo, and has grown to be one of the largest energy services companies in the UK with around 4m customers across all key elements of residential decarbonisation.

Kaluza is an advanced end-to-end SaaS platform for utilities. It has a global footprint, multiple clients, and unlocks new opportunities across the entire energy value chain. Together, the OVO Group companies are powering customers through the energy transition, bringing them products and services that helps them save energy and money.

Campaigning for change

We continued the push for a greener, more affordable, and more efficient energy system – by working with the industry, the government, and Ofgem. We called on the new Labour government to introduce a social tariff, which would help protect those who can't afford to heat their homes as the UK transitions to a net zero future. We also engaged with external stakeholders to campaign for a better energy system through community energy, the importance of decarbonising homes, and affordability measures. We also continued to support our own customers through OVO Extra Support – a package worth £50 million.

Our customers

We're reimagining energy for our customers through technology and product innovation. We're committed to supporting them through the energy transition and continue to deliver, with over 140,000 reviews on TrustPilot leading to a 4.5* rating.

Kaluza

Kaluza is the advanced software platform empowering energy companies to unlock the full value of a system that's changing radically. Using real-time data, Kaluza lets energy companies transform their operations at lower costs, personalise their services, and fast track innovation around low-carbon technologies.

We recognise that many of our products, to date, have a relatively small impact in the context of our financial performance. We believe, however, that they are the critical first steps in achieving our Plan Zero ambitions.

Our products

In 2024, we launched Beyond, the UK's first Energy Savings Account. We launched Charge Anywhere enabling EV drivers to use over 34,000 UK public chargers at discounted rates. We carried on supporting customers with installations of EV chargers, solar panels, and heat pumps. Our Energy Experts visited over 6,500 homes to give tailored advice around energy efficiency.

The 3 OVO values

We're tackling some of the world's most pressing problems by creating better energy systems for our planet and everyone on it. It's a big task. As we work it out, we're guided by our values.

Find a better way
We always look for a better way – whether that's delivering better service, employing brilliant people or improving our products to help tackle climate change.

Do what's right
Being open, honest, and fair is one of the values that applies to everything we do. We take pride in talking to our customers and delivering exceptional work.

Build something great
Simple solutions aren't quick or easy to find. They take time and tenacity. Our people work to find an answer that helps us "build something great".

Plan Zero is our sustainability strategy.

It sets out how we'll help make energy better for people and the planet.

Climate:

Reach net zero by 2035.
Climate change remains one of the biggest challenges we face. A robust and clear path to reduce our emissions by at least 90% from a 2018 baseline, is the only way to limit the impact of a warming planet.

Customer:

Become the UK's most trusted company.
Our customers are at the heart of everything we do and to reach net zero, we need to bring each of them along with us.

Culture:

Be the UK's best place to work.
At OVO, our power comes from our people. We're creating an inclusive culture where brilliant people are united in the drive towards net zero.

Plan Zero

Throughout this report we highlight areas where our Plan Zero vision has been implemented in 2024 with this icon.

In conversation with our CEO and Chair.

David Buttress
CEO

Justin King
Chair

What drew you to OVO?

David: "When I heard OVO's vision for decarbonising the UK for the first time, it lit a fire in me. It's energising and infectious: make energy cheaper, greener, and simpler for consumers. This has never been more important. After founding Just Eat's UK operation, and after spending some of this time as CEO, I wanted a new challenge where I could make a real impact. From my very first conversation, the OVO ambition was clear. We want to deliver for customers and serve them well, while revolutionising what it means to be an energy supplier – including further expansion into home technologies and EVs. I wanted to be part of the solution. How do we simplify net zero and make it easy for people to reduce their emissions in a realistic way? I wanted to play a leading role in making it happen."

What's your vision for OVO?

David: "We need to create a company with excellent customer service, which can be trusted to install the latest green technology in customers' homes. We have to make going green hassle free, simple, easy, and less expensive. It's that simple. And if we do that, I truly believe we will see a big surge in green tech in people's homes. This will reduce emissions and cut energy bills in the longer term. We also have an incredible opportunity to revolutionise the global retail energy market through our sister company Kaluza. Kaluza's software empowers energy providers to drive data-led, customer-first transformation – all with the aim of accelerating the green transition. It's a once-in-a-generation opportunity to fight the climate crisis and we're at the forefront of the technology revolution to get us there."

How do you make sure the board and executive team are aligned on OVO's long term vision?

Justin: "We're very lucky that OVO's founding vision and passion is still shared by the board and executive team. This is the driving force throughout the business, and it's what I think about when setting our longer term strategy, and how we'll deliver on it. Over the past few years, we've seen the Covid-19 pandemic and the energy crisis impact our customers. Despite these challenges, our focus on delivering the best experience for customers while acting on our net zero promise has stayed the same. And for that reason I can honestly say it's not that difficult, because we have a board and executive team that's passionate about OVO's ongoing mission."

How have you spent your first year in the business?

David: "During my first year, I've spent a huge amount of time either speaking directly to our customers or spending time with our customer service teams. Two things have jumped out to me – firstly, that energy's still too expensive and confusing for many of our customers, and secondly, the energy industry is at this fascinating point of change, with a focus on supporting the green transition in customers' homes. It's clear to me we have a huge role to play in both of these areas. If we achieve that – if we truly deliver the best customer service around – we'll stand out from the crowd and be there for customers throughout the next decade. It's my number one priority and something I am absolutely focused on."

How will you make sure OVO keeps delivering for its customers?

Justin: "Throughout my career in retail, customers have been my focus. What do they need? What will help them? What will make their lives easier? At OVO, we continue to make energy cheaper, greener, and simpler for consumers. Delivering for customers means anticipating their needs, solving their challenges, and giving them the tools to take control of their energy use. We're already doing this through smart tariffs, home energy upgrades, and innovative technology. But we can't stand still."

What are you most proud of?

David: "I'm most proud of our culture to support customers and always find a better way. Over the past year, we've made significant progress on improving our service, investing in AI and our teams to better serve our customers. Only with this foundation will we gain the trust of households across the UK to support them on the biggest challenge of our time; the climate crisis. The launches over the past year – Beyond, EVs, solar panels – will help make it easier for customers to make the switch. It's been a huge team effort."

What excites you both most about OVO's future?

David: "The energy sector is in the middle of its biggest transformation in generations, and OVO is at the forefront of that change. We have the potential to make a real, positive impact – helping millions of households transition to a lower-carbon future while making their energy cheaper and smarter. To power this, Kaluza has an ambitious global expansion plan to support more utilities to transform their retail operations, lead on energy technology, and reduce costs for businesses and customers as we do in the UK. The combination of customer focus, innovation, and a clear mission makes OVO a hugely exciting place to be."

A look back on 2024.

We supported customers during another challenging winter

Our new £50 million package, OVO Extra Support, was set up to help customers in immediate need through winter and beyond. Since 2022, OVO has provided £140 million of customer support. We also gave funding to charities on the frontline of the cost of living crisis. The industry must work hand-in-hand with the government to support customers, and we will carry on calling on the government to introduce a social tariff to protect the most vulnerable.

We've landed market leading partnerships

OVO and Vaillant launched a first-of-its-kind partnership to lower heat pump running costs for households. We call it Heat Pump Plus and it gives our customers a market-leading rate of 15p per kWh. The free add-on is designed to support the UK government's target to install 600,000 heat pumps per year by 2028, by encouraging more homes to switch from gas boilers.

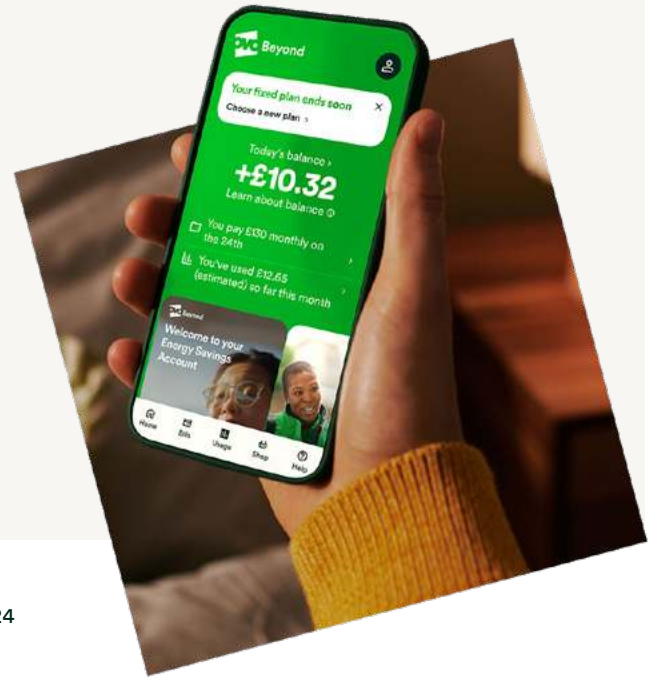
Our core business continues to supply gas and electricity, which contributes to the majority of our revenues and is the main contributor of our Scope 3 emissions. As a supply only company, we have limited ability to directly change the source of this energy. However, we'll continue to innovate, roll out new products that support electrification, and encourage consumers to adopt them. This way, we can have a positive impact on the grid, homes and planet to help reduce our Scope 3 emissions.

We launched Beyond to reward our customers

In 2024, we launched Beyond. The unique offering helps customers unlock up to £1,500 of savings on partner products and services, including savings for today and rewards for making greener switches in future. Customers can bank free miles and bill credit to be redeemed in the future if they get an electric vehicle, solar panels, or a heat pump – giving people a great incentive to move to these greener technologies when they're ready.

Beyond also uses Kaluza's advanced software to help smart meter customers understand more about how they're using power in their home. They get enhanced insights into their energy usage, personalised tips, and rewards that can cut their bills.

Customers with Beyond also enjoy exclusive access to tickets for events at the OVO Hydro in Glasgow, OVO Arena Wembley, and The O2. This is through OVO Live – which gives our customers VIP treatment at the events, free offers, and exciting competitions too.



We partnered with leading companies driving the green transition

We partnered with both Volkswagen Group UK – which sells Audi, Škoda, SEAT, CUPRA, Volkswagen Passenger Cars and Volkswagen Commercial Vehicles models – and Volvo Cars UK to incentivise the switch to electric vehicles by offering new owners free miles of charging. They claim this by joining OVO and adding Charge Anytime to their energy tariff for free. It lets customers smart charge their cars for a cheaper rate, day or night.

Plan Zero

Planting Promise: The Woodland Trust

The Ukrainian Youth Association (CYM) engages Ukrainian young people to educate and spread awareness of their culture in the UK. Thanks to the free tree packs they were able to celebrate their centenary by planting 420 new saplings, replace felled trees and regenerate patches of woodland including reviving an old orchard.

Planting Promise: The Conservation Volunteers

Wild Wisdom Community Farm used 950 trees to improve biodiversity and help regenerate the land they manage. They created a family friendly planting weekend – dogs included! To top the year off they were the winners of our I Dig Trees group of the year!

WOODLAND TRUST

TCV The Conservation Volunteers

Our social impact work is across 3 areas:

Social Making sure there's diversity in our leadership, and helping our employees feel their best.

Economic This covers green jobs and training, as well supporting our vulnerable customers through tricky times.

Environmental We're investing in nature projects to help restore and protect it, and volunteering with conservation charities.

Measuring our impact

This year, we're measuring OVO's social value for the first time. Social value refers to the broader positive impact an organisation generates for society – beyond its financial performance and reported profit.

At OVO, social impact is woven through our business, with teams dedicated to belonging, vulnerability, and sustainability. Their work helps us understand what we're contributing right now – and how we can improve it in the future.

We've aligned with the TOMS Framework for Social Value – the UK standard for social value measurement. Think of the framework like a scorecard that helps businesses measure their genuine impact on society, beyond making a profit.

You can find out more about how we calculate our social value and our 2024 figures on the **Plan Zero website**.

Plan Zero

A look back on 2024 (continued)

We made the grid greener

Our community of renewable energy makers is growing, with independent generators powering households up and down the UK.

Last year, we launched a partnership with The Ambition Community Energy (ACE) turbine. Energy generated by the turbine is exported to the national grid and sold to OVO, creating around £100,000 a year in revenue for the local area. In a unique partnership, OVO stepped in to manage the energy produced, and gave residents who were OVO customers half-price electricity on windy days in return for the extra renewable energy supplied to the grid. We believe projects like this are an innovative way for people to access cheaper, greener energy.

Plan Zero

We bolstered our leadership team

We appointed Justin King CBE, to the position of non-executive Chair, and David Buttress, to the position of CEO.

James Davies also joined the business as Chief Financial Officer.

Read more about our leadership team on page 46

We were recognised for gender equality

OVO's dedication to gender equality earned us a spot in The Times' Top 50 Employers.

This recognition, part of the prestigious Sunday Times Best Places to Work 2024 awards, highlights our commitment to making gender equality a key part of our business strategy. We're proud of our progressive people policies, which support wellbeing, flexibility, and inclusivity.

We offer unlimited, fully paid compassionate leave, so our people can take the time they need to properly grieve the loss of a loved one. We also offer unlimited paid leave for any kind of pregnancy-related loss – whether this is a miscarriage or an unsuccessful IVF attempt.

Other benefits include paid leave for "moments that matter". These are days off that can be taken for life's important moments, such as a child's first day of school, getting married, or even to learn a new life skill. There's also "recharge" leave – extra paid leave granted after intense periods.

When we show up to work as the truest version of ourselves we are able to do our best work, and as a result provide our customers with the best service possible. That's why we will always celebrate our people and keep championing gender equality to create a place where people truly belong.

Kaluza and our partnerships.

Kaluza: powering global energy transformations

Kaluza is the advanced software platform empowering energy companies to unlock the full value of a system that's changing radically. Using real-time data, Kaluza lets energy companies transform their operations at lower costs, personalise their services, and fast track innovation around low-carbon technologies.

We signed a landmark licensing agreement

In June, Kaluza signed a software licensing deal with Australian energy giant AGL to support its retail transformation and deliver affordable, low-carbon solutions to 4 million customers. AGL expects the Kaluza migration to cut operational costs by US$46-60 million. This multi-year agreement strengthens Kaluza's partnership with AGL, which began in 2021 with the successful integration of OVO Energy Australia (OEA) into the Kaluza platform. Since then, OEA has tripled its customer base, earned a 4.6 Trustpilot score, and launched market-leading tariffs for EVs, solar, and battery optimisation.

We invested to accelerate our global expansion

In addition to the licensing agreement, AGL invested $100m USD in Kaluza, taking a 20% stake and giving the business a post-money valuation of $500m. As one of the largest energy tech investment rounds, the funding further cements Kaluza's status as the software platform of choice for energy retailers.

We teamed up with tech giants in Japan

Building on Kaluza's long-standing relationship with Mitsubishi Corporation, the companies launched a joint venture to localise and expand Kaluza's platform for energy retailers and auto companies in Japan. Since its inception, Kaluza Japan has established several partnerships with industry leaders and accelerated its commercial pipeline. Multiple market-leading EV smart charging products including for Mitsubishi Motors, MCRE, and Honda have so far been delivered through the joint venture.

We launched innovative OVO propositions

Kaluza expanded OVO Charge Anytime – our pioneering EV tariff offering 7p per kWh charging, day and night. It also powered the launch of Battery Boost, a first-of-its-kind plan that intelligently tops up solar batteries at greener, cheaper rates when solar generation is low – saving customers an extra £120 a year.

We expanded EV charging in the US

Kaluza's footprint is also growing in North America, with progress in REDWDS – a managed EV charging program in PG&E territory in California. In collaboration with Wallbox, Kaluza is bringing its demand response technology to PG&E customers, with at least 50% of the program dedicated to supporting low-income communities. The initiative includes both one-way managed charging and bidirectional vehicle-to-grid technology.

We built powerful partnerships and won awards

Kaluza continued to grow its extensive network of market-leading partners through direct agreements with Volvo, VWG, and Stellantis. The commitment to innovative technology has also been recognised. Kaluza won Innovation and Smart Tech Project of the Year at the National Technology Awards. At the AutoTech Breakthrough Awards, Kaluza won Vehicle Telematics Solution of The Year for the second year in a row. This further demonstrates and validates our differentiated approach of building our network of Original Equipment Manufacturer partners.

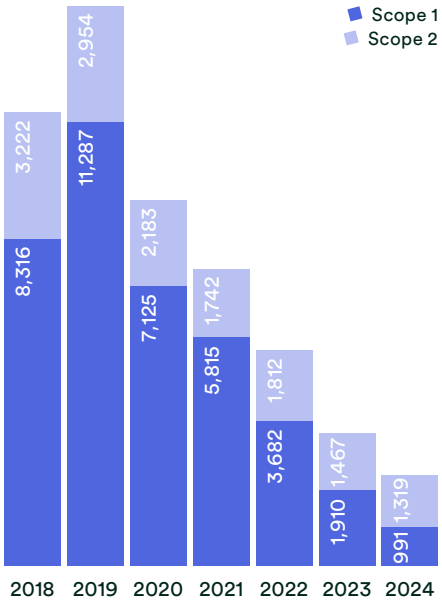
Further growth in 2025

Kaluza acquired energy software specialist Beige Technologies in Australia to strengthen its global platform offering, including Commercial and Industrial capabilities. Beige's deep market knowledge and proven technology will significantly enhance Kaluza's local expertise, accelerate product development and expand operational capacity to better serve customers in the APAC region and beyond.

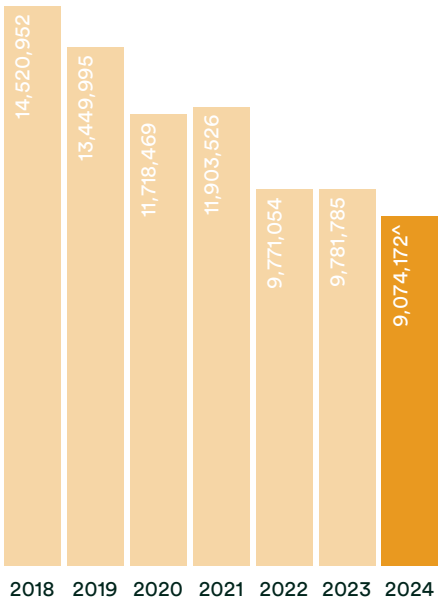
Plan Zero in 2024.

Climate change remains one of the biggest risks we face. Plan Zero is our response to this, with an ambitious net zero target of 2035. We continue to report our full carbon footprint and progress against our 3 pillars – Climate, Customer, and Culture. This is a summary of our 2024 progress, you can find our full report on pages 24-43.

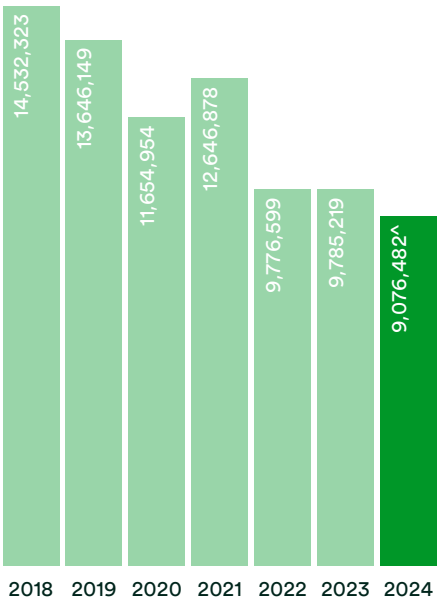
Total Scope 1 and 2 emissions
(location-based) (tCO_2e)



Total Scope 3 emissions
(location-based) (tCO_2e)



Total Scope 1, 2 and 3 emissions
(location-based) (tCO_2e)



^ This KPI was subject to independent limited assurance procedures by EcoAct for the year ended 31 December 2024. You can read **EcoAct's assurance statement here**. You can find the **basis of preparation for Scope 1, 2 and 3 here**.

January

- We joined forces with Emitwise to tackle our carbon accounting and make sure we're being transparent when reporting our footprint.

→ Read more in Climate

April

- We partnered with James Norton for a new Alexa Skill that makes it easier for consumers to use energy at greener times with a "Power Nap".

→ Read more in Customer

May

- We launched the world's first Energy Savings Account, OVO Beyond, a new type of rewards programme, which lets customers bank rewards for a greener tomorrow.

→ Read more in Customer

Non-financial and sustainability information statement
The requirements of The Companies (Strategic Report) (Climate Related Financial Disclosure) Regulations 2022 have been complied with and can be found in the Climate-Related Financial Disclosures section of the Annual Report on pages 36 to 39.

Progress on our pillars

Climate.

In 2024, we made progress towards our climate goals. We're on track to have a 100% electric fleet of vans and to power all of our offices with renewable electricity by the end of 2025. You can read more about our progress and key highlights from 2024 in the **Climate section**.

We also carried on cutting carbon in our operations, engineer fleet, and hub offices. This helped us stay on course to reach OVO's overall decarbonisation goals. You can read more about this in our **Carbon Footprint section**.

Customer.

Our customers are at the heart of everything we do. To support them reaching net zero we need to build trust. In 2024, we reached the target date we'd set for some of our key Customer metrics – unfortunately, we didn't manage to meet these. This year, we completed a double materiality assessment to review how our targets help us deliver on the goals of Plan Zero. This meant we could make sure our targets align with our biggest impact on people and planet. We will update our targets later this year.

We remain committed to supporting our customers through products and propositions like OVO Beyond, OVO Charge, and Power Move. You can read more about how these are going in our Culture pillar.

Culture.

OVO is powered by our people, and in 2024 we progressed against most of our Culture metrics. Our people continue to rate their overall experience of working at OVO highly, as well as in relation to Belonging and Plan Zero. We got our people together to celebrate our Plan Zero successes, and engaged with our entire leadership team on climate risk.

However, making sure we have the right skills for the transition remains a challenge. Our green skills paper aims to tackle some of those key challenges.

Our full Plan Zero report can be found on pages 24-43

June

- We were recognised as a Top 50 Employer in The Times for commitment to gender equality and making it a priority in the workplace.

Read more in Culture

July

- We had our near-term Science Based Target validated and committed to a 60% reduction, from our 2018 baseline, in emissions by 2030.

Read more in Climate

November

- We brought all our people together to celebrate Plan Zero and engage our leadership on climate risk.

Read more in Culture

Financial performance review.

"The loyalty and quality of our customer base is a key competitive advantage to us as we roll out an increasing amount of industry leading propositions."

James Davies
Chief Financial Officer

Key financial and performance indicators

	2024	2023
UK Retail Energy Supply customer numbers	**4 million**	4 million
UK Retail Energy Supply total gas and electricity volume (TWh)	**38**	39
Adjusted EBITDA (£m)[1]	**42**	225
Statutory (loss)/profit for the year (£m)	**(135)**	817
Cash (£m)	**319**	572
Adjusted net debt (£m)[1]	**212**	47

1 See reconciliation of adjusted performance measures to statutory results.

Reconciliation of adjusted performance measures to statutory results

	2024 £ m	2023 £ m
Statutory (loss)/profit for the year	**(135)**	817
Add: Income tax (credit)/expense	**(32)**	244
(Loss)/profit before tax	**(167)**	1,061
Add: Exceptional items and certain re-measurements	**45**	(1,035)
Add: Net finance costs	**59**	54
Add: Share of net losses of associates accounted for using equity method	**–**	6
Add: Depreciation of property, plant and equipment and right-of-use assets	**11**	16
Add: Amortisation of intangible assets	**94**	123
Adjusted EBITDA	**42**	225
Loans and borrowings – current	**182**	–
Loans and borrowings – non-current	**189**	475
Total loans and borrowings	**371**	475
Less: Cash and cash equivalents	**(313)**	(572)
Less: Cash and cash equivalents classified as held for sale	**(6)**	–
Add: Restricted cash	**160**	144
Adjusted net debt	**212**	47

Financial performance review (continued)

Underlying business performance

The Group's adjusted EBITDA for the year ended 31 December 2024 was £42m (2023: £225m). Adjusted EBITDA was lower compared to the year before, mainly due to 2023's one-off industry-wide cost recovery through default tariff price cap allowances.

Customer numbers were stable over the year. However, consumption per customer was lower due to one of the UK's warmest years on record. Lower consumption and price caps drove revenue and gross profits down for the year.

The Group saw an improvement in bad debt costs as a result of more stable macroeconomic conditions. However, bad debt charges remained high compared to pre-energy-crisis levels, with bad debt as a percentage of revenue (excluding Energy Price Guarantee grant income) consistent at 3.7%. We also continued to support customers with our support package. This includes charity partnerships and donations, free support products, and debt relief.

Administrative expenses decreased to £623m (2023: £736m), reflecting a significant reduction in platform servicing and maintenance costs. This was due to our completion of the customer migration to the Kaluza platform and decommissioning the legacy SSE platform in 2023. The reduction in servicing and maintenance costs demonstrated lower operational cost-to-serve as a result of the Kaluza platform.

Statutory result

Overall, the statutory loss for the year was £135m (2023: profit of £817m), which includes: a re-measurement loss of £61m on derivative energy contracts (2023: gain of £1,086m largely resulting from the unwinding of 2022 position); net exceptional credit, excluding re-measurement of derivative energy contracts, of £16m (2023: net expense of £51m); depreciation and amortisation of £105m (2023: £139m); and net finance costs of £59m (2023: £54m).

The re-measurement loss relates to commodity derivatives designated as "held for trading". Although the Group routinely enters into sale and purchase derivative contracts for electricity and gas to meet customers' future energy use, many of these arrangements are considered to be derivative financial instruments under IFRS 9. This requires some of the contracts to be recognised at fair value with re-measurements recognised in the income statement (for further details, please see Note 2).

The Group recognised a net re-measurement loss of £61m for the year. This reflects the unwinding of commodity derivative financial assets held at 31 December 2023, as the energy purchased under these contracts was used to fulfil customer energy requirements during 2024. The re-measurement loss was offset by unrealised mark-to-market gains of £9m, arising from the Group's net buy position as commodity prices rose in 2024. The energy purchased in advance under these contracts will be used to meet the future energy needs of customers, and the assets will unwind as these contracts are used in future periods. The re-measurements had no cash impact and will not result in an impact on energy costs for our customers.

A net exceptional credit, excluding re-measurement of derivative energy contracts, of £16m (2023: debit £51m) was recognised within the Group statutory operating profit. Integration costs were significantly lower at £12m as we completed the integration of SSE Energy Services (SSE) into the Group. The Group incurred £9m redundancy costs resulting from the anticipated closure of Energy Solutions. These costs were offset by the one-off release of the brand royalties payable of £42m as Imagination Industries Ltd partially waived the outstanding royalties, as part of a plan to strengthen the Group's balance sheet.

Net finance costs increased modestly to £59m (2023: £54m). This was due to the decrease in interest income on lower funds held throughout the year, and increase in interest expenses on external borrowings as the effect of capitalised interest more than offset the decrease in interest from repayments.

The Group's net liabilities increased to £433m (2023: £299m), mainly due to the statutory loss in the current year. The re-measurement of commodity derivatives resulted in the decrease in derivative financial assets to £9m (2023: assets of £70m). The Group's intangible assets remained significant at £372m (2023: £431m), as it continued to invest in its customer platform. A total expenditure of £35m (2023: £67m) was capitalised in the current year, offset by amortisation of £94m (2023: £123m). The Group made £155m prepayments and £31m interest payments against the term loan facility. It incurred £82m interest expense and amortisation of transaction fees during the current year, reducing its borrowings to £371m (2023: £475m).

Trade and other receivables decreased to £726m (2023: £789m), due to an increase in expected credit loss allowance, notwithstanding lower charge to the income statement in the year, and the timing of payments. Trade and other payables decreased to £969m (2023: £1,165m) due to lower volumes supplied compared to the year before, the closure of the government EPG scheme, and the release of payable brand royalties. Trade payables decreased to £37m (2023: £422m) while accrued expenses increased to £797m (2023: £562m) due to timing of invoice receipt. Deferred income increased to £776m (2023: £750m) due to the timing of payments.

The Group has taken actions to strengthen its balance sheet position in response to Ofgem's financial resilience requirements over H2 2024 and H1 2025. In particular, the Group brought the OVO brand into its ownership via the acquisition of OVO Brand Ltd (previously Imagination Industries Ltd) in January 2025; in anticipation of which, £42m brand royalties due to Imagination Industries Ltd had been waived as at the balance sheet date. The acquisition of the OVO brand removes the ongoing external brand licence cost, improving the Group's earnings outlook and reducing cash outflows going forward.

The Group has also entered into a £60m borrowing facility subsequent to the balance sheet date. The facility has been fully drawn down and the funds were contributed to OVO Energy Ltd, the direct immediate parent of the licensed entities of the Group, strengthening the subsidiary's capital position.

The licensed entities of the Group, being OVO Electricity Ltd and OVO Gas Ltd, fall within the Intermediate Position under Ofgem's Capital Adequacy framework from 31 March 2025. The Group is committed to improving its capital position and is working closely with Ofgem to deliver a capitalisation plan to meet the minimum capital requirement.

James Davies
Chief Financial Officer

Our plans for 2025.

Here's how we'll build on 2024's achievements to keep making energy better for our customers and the planet.

Helping customers

We'll support customers struggling with the cost of living and campaign for greater change

We know the cost of living is still financially punishing for many people, so we'll keep working with our partners to support our customers throughout 2025 with a new Extra Support Package.

We're still pushing for a social tariff to help make energy bills fairer for customers. We'll keep working with the energy industry, the regulator, and the government to campaign for, support, and protect those struggling to afford heating and power.

Link to Plan Zero Customers

Installing the energy transition

We'll install green technology in customers' homes

Whether it's solar panels, electric car chargers, or heat pumps, we're set up to help customers install the latest green tech in their homes. As part of our commitment to helping communities move towards net zero, our franchise network gives residents access to the latest solar technology, expert installation, and support. This will help people cut their carbon footprint, save on energy costs, and build a more sustainable future.

Link to Plan Zero Climate Customers

Empowering our people

We'll keep recruiting the best talent

Our Belonging strategy builds a more diverse workforce – more women, more young people, more people from different backgrounds. It means we're bringing as many new skills and experiences on board as possible. In 2025, we'll do even more to develop and support our OVO talent through training. We're building a safe, inclusive, and open environment to empower everyone to be their best selves – wherever they're from, whatever they believe, and however they live their lives.

Link to Plan Zero

Culture

Plan Zero

2025	▪ Ambition requires a plan of how to get there. This year we will release our first climate transition plan aligned with TPT. ▪ Building on this year's nature disclosures, we'll release our nature strategy later this year focusing on how we deliver impact for our customers.
2026	▪ In line with our early adopter target, we'll disclose our first aligned Taskforce on Nature-related Financial Disclosure. ▪ In line with UK regulations, we'll report in full against the requirements of the International Sustainability Standards Board.
2030	▪ Decarbonise our offices and fleet to reach net zero across our operations. ▪ Meet SBTi near-term targets of a 50% reduction in emissions from our 2018 baseline. SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION
2035	▪ Achieve net zero by decarbonising our customers' homes and supporting a greener UK electricity grid.

→ **Our full Plan Zero report can be found on pages 24-43**

Spotlight on Belonging.

Our key priorities.

1. Diverse talent
2. Inclusive culture
3. Engaged teams
4. Data driven

We've achieved new accreditations and made purposeful pledges

We achieved level 3 Disability Confident Employer Accreditation.
We recognise the value and skills disabled people bring to OVO.

We became a Radius Certified Employee Resource Group investor.
We're investing in our belonging network leads to unlock their full potential.

We signed up to the Age-friendly Employer Pledge.
We're improving work for people in their 50s and 60s, helping them flourish in a multigenerational workforce.

We became a Period Positive Workplace.
We're supporting gender equality by offering period products at work.

We achieved Menopause Friendly Accreditation.
We want those experiencing menopause to be able to continue thriving at work.

We became a 2024 Trans Inclusive Workplace.
We've worked hard to make our trans people feel valued and supported.

2024 priorities and progress highlights

Engaging our leaders

We invited our leaders to menopause awareness training, anti-racism sessions, and intergenerational workshops.

Supporting our neurodivergent people

We launched a new essential learning module on neurodiversity, built around the experiences of our neurodivergent people.

Building something great

We involved our people in the design of our Glasgow office. It features hearing loops, a wellbeing room, and a multi-faith prayer room.

Making our uniforms work for all our people

This year, we were the first energy company in the UK to introduce safety-compliant religious headwear as part of our engineers' uniforms.

It's important that our engineers are warm and safe when they're out visiting customers' homes. That's why we take so much time to develop uniforms that really work and meet all of our required safety standards. This project began back in 2022, when we developed our most recent metering uniforms. We wanted to make sure they were safe, warm, comfortable and suitable for people of all faiths. Part of this was the addition of religious headwear, which wasn't included in our previous uniforms.

It became really clear that there were no providers in the UK where we could source hijabs and turbans that met our safety requirements.

3 of our people – Esra Kaya, Vikram Singh and Nusrat Al-Haddad – worked with our Belonging team and Fashion Delivered to find a solution. They explored options all over the world to find a material that meets our safety requirements, is lightweight, and can be shaped in the right way. We were able to source, design, and develop hijabs and turbans that meet our safety standards, look good, and can be worn in multiple ways based on the wearer's preference.

OVO are the first in the UK to develop a hijab and turban with this level of protection, in such a lightweight fabric that makes them comfortable and breathable.

Our Belonging forums

We have 8 brilliant Belonging Networks. They play a huge role in shaping our business – from policies and guides, to making sure our events are inclusive.

Access	Powering accessibility and creating an environment where everyone has equal access and can thrive.
Believe	Creating a platform for different religions and beliefs so everyone feels represented and respected.
Embrace	Building an equal, fair environment for people from all racial and ethnic backgrounds to thrive in.
Engender	Embedding gender equality and empowering women at OVO.
Generations	Championing intergenerational collaboration, as we come together as one team – across all age groups.
Mind	Ending stigma and raising awareness around mental health issues to build a caring, supportive workplace.
Neurodiversity	Building something great by thinking differently with a supportive community celebrating the strengths of neurodiversity.
Pride	Raising awareness and celebrating every LGBTQ+ identity, with love and support for all.

You can read our Gender Pay Gap statement, as well as more details about our inclusion and diversity achievements, in our **2024 Belonging Update**.

Section 172(1) statement.

A focus on those around us

The Board upholds the highest standards of conduct, making decisions with our stakeholders' long term interests in mind. OVO understands its role in helping customers reduce their carbon footprint and contributing to global climate efforts. Plan Zero underpins our entire company culture. In an increasingly complex, changing, and competitive market, the Board recognises that the company will only grow, thrive, and deliver on the ambitions set out in Plan Zero if it understands, respects, and responds to the views and needs of our stakeholders.

Embedding Section 172 into Board decision making processes

Section 172 is firmly embedded in the Board's duties and decision-making. Our Chair sets the agenda for each Board meeting, making sure we meet the needs of our stakeholders through the following:

- Strategically significant topics are reviewed through the Risk and Audit Committees, which considers any regulatory and political risks. Feedback from priority stakeholders across Government and the regulator is shared with Committee members.
- Board papers make sure that stakeholders' views have been considered and responded to, where required.
- The views and needs of stakeholders are considered thoroughly by the Board when it makes any significant decisions.
- Relevant stakeholders are engaged by the Chair and Board on key strategic issues for the Group. This is done through bilateral meetings, committees, forums, and conferences.
- Board presentations and reports are scheduled regularly. They cover topics including customer engagement, risks, health and safety, investments, and our people and culture.
- Directors fulfil their Section 172 duties by delegating daily decision-making to Group employees. They regularly review stakeholder feedback from Corporate Affairs teams.

Our customers

Our mission has always been to power human progress with clean, affordable energy for all. To support our customers most in need, 2024 saw our award-winning OVO Extra Support package launch for a third year in a row. The £50 million package included payment support, emergency top-up credit, and temporary payment reductions. We also gave out free energy-saving products, including electric blankets. In total, OVO has provided £140 million of support since 2022.

Our people

We're proud of how we support our teams at OVO. Our progressive benefits include unlimited compassionate and pregnancy loss leave, as well as "moments that matter" and "recharge" leave. Throughout the year, our surveys give our people the chance to share their views with team members, line managers, and leadership. Our Board also regularly engages with our people through forums and OVO Together (our monthly town hall meeting).

Treating people fairly and providing equal opportunities is one of our core values. We always consider applications from people with disabilities, and if someone becomes disabled while working here, we'll provide the training and support they need. We'll also do our best to make sure everyone has the right responsibilities and adjustments to their role, and if that's not possible, we'll try to find them a new role within OVO.

Our suppliers

We build relationships with our suppliers based on trust. This means we can provide the best quality products and services at the most competitive prices, while mitigating data, social, and environmental risks in our supply chain. In 2024, we carried on operating our Supplier Code of Conduct for all new key suppliers as part of our standard procurement process. We also kept our sustainable procurement controls in place, and made sure we considered sustainability criteria when choosing suppliers.

Our communities

OVO Foundation works towards a greener, brighter future for the next generation. The Foundation supports a broad range of impactful projects that equip young people with the knowledge, skills, and opportunities to actively engage with and address the climate crisis. It has a particular focus on supporting young people who are currently underserved by climate education.

During the year ended 31 December 2024, the Group made charitable donations of £3m (2023: £3m). This amount includes donations to OVO Foundation and other charities, including those supporting the people of the UK through the cost of living crisis. We're committed to sharing our community and charity work with the relevant stakeholders.

Government and regulators

Our Board members regularly engage with the UK Government, devolved administrations, respective Parliaments and Ofgem. In 2024, with a new political party in power in the UK, we held a series of events during the party conference season to highlight the support customers need for the green transition. Our Public Affairs, Policy, and Regulation teams manage our external stakeholder plan and regularly update Board members on external developments. During 2024, the key issues we discussed with stakeholders included support for financially vulnerable customers, how the energy market could work in future, and policy levers to accelerate the transition to zero carbon living.

The new Government has been bold in its commitments to a fully decarbonised grid by 2030, and to a new wave of renewable generation supported by GB Energy. Work has also begun on the Warm Homes Plan, which will outline future policies to help customers create warm, energy-efficient, low-carbon homes – alongside many other reforms.

We don't have all the solutions yet. There's plenty of work to do before we find a route to net zero that works for everyone. But we do have a vision of what the future energy market needs to look like. Bold action in these four key areas should help us get there.

Our planet

1. Making sure that energy bills are fair and affordable for everyone. We want to make sure that:

- A social tariff is put in place as a long term, sustainable way of helping those in most need of support with their energy bills.
- Investment in energy efficiency is bigger, bolder, and more effective to keep homes warm and reduce unnecessary energy consumption.
- Action is taken to tackle the record levels of debt that have accumulated over recent years.
- The costs of the energy transition are allocated in the fairest possible way across bills.

2. Making the energy market healthy, stable, and competitive

The policy and regulatory framework needs to make sure that:

- Price regulation is fair, transparent, and reflects the cost of delivering electricity and gas to customers.
- The market supports investment, innovation, and exceptional service for all customer cohorts.

3. Ensuring that everyone can access green technology for their homes

To get us there, we'll make sure that:

- The right mix of regulatory targets and incentives are in place to boost demand for low-carbon technology.
- There's continued support for the upfront costs of low-carbon tech, particularly for those less able to pay.
- Policy costs are redistributed away from electricity bills, to make electrification affordable for households.
- Our building regulations and planning system are set up to make home decarbonisation as easy as possible.

4. Supporting the transition to clean power

Our electricity networks are undergoing a radical transformation as we head towards a net zero future. The retail market should incentivise effective investment in new renewables and empower customers to use energy flexibly to cut costs and carbon. We need to make sure that:

- Customers have the right incentives to use their energy smartly and have access to a range of innovative products and services.
- As many households as possible are equipped with a functioning smart meter.
- The benefits of new renewable generation projects are shared fairly with local communities.
- The REGO system is reformed so that customers' money is directed towards getting new renewables on the grid.
- The right price signals are in place so that investment in new renewables happens where it's most needed.

Spotlight on OVO Foundation.

OVO FOUNDATION

OVO Foundation is our charity. Its mission is to create a greener, brighter future for the next generation.

This year, OVO Foundation celebrated its 10th birthday with our charity partners, board members, and friends. The event highlighted our journey – from installing solar panels in Kenya with Project Jua and supporting homeless youth through Future Builders, to backing Climate Changers and Community Impact partners in the fight against climate change.

Everything we do focuses on children, young people, and the climate:

- We fund charity partners through our climate-focused funding programmes
- We enable research climate education and youth climate action
- We collaborate with young activists, policymakers, and peers to drive transformative change

We're funded by generous donations from OVO customers. Every penny donated is matched by OVO and all of it goes straight to our projects. So, together, we do double the good.

As well as giving crucial funding to our partners, OVO People regularly volunteer their time and expertise to support work in their local communities.

2024 in numbers

Over
£800,000
given to our charity partners in 2024.

19,000+
children and young people benefited from our work with charity partners.

That's almost 6,000 young people helped through Community Impact. And over 13,000 through Climate Changers.

25
schools awarded prizes through the OVO Foundation Nature Prize.

12
young people on the Youth Shadow Panel.

198
OVO People volunteered with our Community Impact Partners.

£1.5 million
saved by schools supported by OVO Foundation through Energy Sparks. With an estimated total of 690 tonnes of CO_2 during the 2023/24 academic year.

Our Tiny Forests won us the edie Award for 2024 Nature and Diversity Project of the Year, alongside Earthwatch Europe.

OVO Foundation Nature Prize

One of our 2024 Nature Prize winners of £1,000 was Adelaide School in Crewe, which has a focus on social, emotional, and mental health (SEMH). The school wanted to transform an unused piece of land next to their school into a thriving wildlife garden for the local community.

The £1,000 prize allowed the school to go ahead with clearing the land, cutting back the overgrown trees, and putting in planters. Pupils took charge of the project and researched ways to rewild the space to encourage as much wildlife and biodiversity as possible.

The local residents were delighted with the plans for the piece of land, which had become a hotspot for flytipping. They even offered to help look after the garden while students and staff are on holidays – true community spirit in action.

YOUTH SHADOW PANEL

Shadow Curriculum and Assessment Review

We know that we can't create the change we want to see alone. We work with climate activists, partners in the sector and policymakers to amplify our learnings and the voices of young people.

At OVO Foundation, we believe that it is essential that the next generation learn about the climate crisis at school. This year we published The State of Climate Education, a report showing that the national curriculum currently lacks a holistic approach to climate education, resulting in high levels of eco-anxiety and a knowledge gap for many young people.

To make change on this vital issue, we're supporting the Youth Shadow Panel, bringing young people's voices and concerns about the current state of climate education to the government's Curriculum and Assessment Review.

The Youth Shadow Panel has heard from hundreds of young people through an open call for evidence, and a series of workshops and roadshows. This will be used to inform a final report, which we hope will encourage the Department for Education to centre these vital youth opinions in their recommendations for the future of the national curriculum.

Approved by the Board on 23 June 2025 and signed on its behalf by:

James Davies
Director

Plan Zero

In 2019, we launched our sustainability strategy, Plan Zero. In 2022, we created three ambitious pillars to make it easier to track our progress. And in our 2023 report, we combined our Annual and Plan Zero reports to make it more transparent.

All our sustainability updates can be found here, but Plan Zero is woven through the report – just like our business. This report is supported by our sustainability hub, which is full of methodologies, data packs, and more information on how we're aiming to meet these goals.

Our carbon footprint. 26

Climate. 28

Reach net zero by 2035
Our net zero goal is to reduce emissions by at least 90% from a 2018 baseline, in line with the latest science. To do this, the UK grid needs to be ready for renewable energy. Also, our customers need to reduce their reliance on fossil fuels, and cut carbon from their homes. We're helping with both of these goals.

Customers. 30

Be the UK's most trusted company
To reach net zero, we need to bring everyone along with us. Naturally, our customers are an important part of that. We're doing everything we can to give them the help they need.

Culture. 32

Be the UK's best place to work
At OVO, our power comes from our people. We're creating a culture where brilliant people are united in the drive towards net zero. Where everyone is valued and can thrive.

Nature. 34
Our climate-related financial disclosures. 36
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Streamlined Energy and Carbon Reporting. 41

Our carbon footprint.

	2018	2019	2020	2021	2022	2023	**2024**
Scope 1 & 2 (Operational Emissions)	11,538	14,241	9,311	7,626	5,545	3,434	**2,310^**
Scope 3 Total	14,520,785	13,449,908	11,723,149	11,906,845	9,773,744	9,781,786	**9,074,172^**
(1) Purchased Goods and Services	–	–	–	–	–	148,533	**129,700**
(2) Capital Goods	–	–	–	–	–	3,695	**2,647**
(3) Fuel and Energy-related activities	6,639,830	5,713,536	4,781,791	5,294,859	4,481,420	4,498,111	**3,972,599**
(4) Upstream T&D	–	–	–	–	–	–	**971**
(5) Waste	3	33	13	6	9	14,913	**35**
(6) Business Travel	–	–	–	234	687	3,312	**4,477**
(7) Employee Commuting & WFH	–	–	4,668	3,079	1,994	3,126	**3,091**
(11) Use of Sold Products	7,880,952	7,736,339	6,936,677	6,608,667	5,289,634	5,110,096	**4,960,652**
Scope 1, 2 & 3 (Total Emissions)	14,532,323	13,464,149	11,732,460	11,914,471	9,779,289	9,785,220	**9,076,482^**

^ This KPI was subject to independent limited assurance procedures by EcoAct for the year ended 31 December 2024. **You can read EcoAct's assurance statement here**. **You can find the basis of preparation for scope 1, 2 and 3 here**.

The gas and electricity we sell to customers is the largest contribution to our carbon footprint. Other areas of our footprint are small in comparison, but they still represent emissions we contribute to the atmosphere. In the interest of transparency, we continue to report on all relevant categories of Scope 3 carbon emissions.

Scope 1 and 2 performance

Following our new combined approach, our carbon accounts and narrative now all sit in one place. You can find our Streamlined Energy and Carbon Report (SECR) table on page 41. Below, you'll find more information about how we're decarbonising our operations.

Electrifying our vans

In 2020, we started our journey to fully electrify our fleet of vans by 2025. By the end of 2023, we'd achieved a 71% electric fleet, which increased to 98% electric by the end of 2024. We removed 54 underused vehicles from our fleet, and ended 2024 with only 17 diesel vehicles remaining.

We reduced our car CO_2 emissions in 2024 to an average of 0.91g/km per car from an average of 114.03g/km in 2021. We also reduced commercial vehicle CO_2 emissions to 4.06g/km per van in 2024, down from 161 g/km per van in 2021.

Making our offices greener

In 2024, we reduced our work spaces by a further 4 offices. This cut 276,917 kWh from our annual energy consumption – 74,377 kWh of electricity and 202,580 kWh of gas.

We switched all office electricity tariffs (and gas tariffs we control) to ones that support long term renewable projects.

We've also been proactive with energy efficiency in our core properties at Bristol, London and now Glasgow. London has reduced its consumption by 6.2% since 2023. We resolved technical issues, meaning our systems could operate more efficiently. And we introduced energy saving features into the heating and cooling system.

Our Glasgow office opened in 2023, and more of our people started working there during 2024. Our Bristol hub's energy use has gone down by 3.9% since 2023. This is our largest office, and different levels of occupancy, aging equipment and seasonal variances have given us some challenges. But, by proactively managing the energy use in this office, we still managed to bring it down.

Scope 3 performance

We're always looking to improve our Scope 3 reporting. Last year, we updated it to include all our relevant Scope 3 categories, and we're also reporting these for 2024.

The energy we sell

The energy we sell is the most significant contribution to our overall carbon footprint, making up over 95%. In 2024, we saw another decrease in emissions from the energy we sell. This is for 3 key reasons:

The UK energy grid is still getting greener. In 2024, renewable sources made up 45% of the UK's electricity generation – the highest percentage ever. The UK also became the first G7 country to phase out coal from our domestic electricity mix. All of this means that the electricity we sell is steadily decarbonising, which in turn reduces our carbon emissions.

The UK has also used less and less energy since the crisis in 2022, as customers try to reduce their costs. We saw a small decrease in the energy we sold in 2024 – about 2% less electricity and nearly 3% less gas.

Finally, we updated our calculations to more accurately show how much energy we import from each country (Norway, France, Netherlands, Denmark, and Belgium). Before this year, we used the European Attribute Mix (EAM) as the fuel mix for the energy we import. This shows the European average electricity mix for renewables and fossil fuels. This year, we evolved our methodology to use half-hourly data for imports and exports instead. It means we know exactly where our energy is coming from at any given time – and what proportion of it is renewable. It's a more precise way of measuring our fuel mix. This has made for a decrease in our emissions, but it wasn't material enough (less than 5%) to restate our previous methodology.

Our purchased goods and services

Our emissions from purchased goods and services fell slightly in 2024. These decreased by 12% compared to the previous year. This was due to a decrease in spend on technology services and outsourced services in 2024.

How we travelled

We've carried on encouraging our people to connect more with in-person meetings, workshops and socials. This has meant an increase in our emissions related to business travel, with flights remaining the largest contributor to our emissions. We'll keep making sure the carbon impact of different travel methods is flagged in our booking platform Clarity to help our people make greener travel decisions.

How we work (commuting and WFH)

For a second year, we asked our people how they get to work. Our emissions went up slightly. This year we estimated more of the emissions as we had a lower response rate. In 2024, trains, buses, the Tube and trams were the most popular ways to get to our offices. All our offices are near public transport, to make it easier to use greener alternatives to get to work. Our new Bristol office, opening in 2026, is near Temple Meads train station and has plenty of space for bikes and EVs.

The waste we generated

In 2023, we used a spend based methodology to calculate the emissions from our waste generated. This accounted for waste in our supply chain as well as operations and might have meant we overstated our emissions. This year, we've used activity data from our offices to calculate our emissions – this is a more accurate reflection of our impact. Based on activity data for 2023, we estimated our emissions would have been 37t CO_2e.

Reporting methodology

In 2024, we welcomed a new reporting partner – Emitwise.

You'll find more information about our methodology on the Plan Zero hub.

Assurance

Throughout this report, information marked with the symbol ^ was subject to independent limited assurance procedures by EcoAct for the year ended 31 December 2024.

You can read EcoAct's assurance statement here.

You can also find the basis of preparations for Scope 1, 2, and 3 on the Plan Zero website here.

Climate.

2024 was another year for record breaking temperatures – a stark reminder that there's so much more we need to do to tackle climate change. We're still committed to our net zero targets, and reporting our progress in a clear and transparent way.

Our Climate pillar is all about delivering net zero by 2035 – which means impactful and measurable change to cut our carbon footprint. We'll lead by example and decarbonise our operations by 2035 by using low carbon technologies in our offices and rolling out an electric fleet. We'll also support customers with smart, low carbon technologies that'll help reduce sales of gas – paving the way for net zero.

Our progress so far

In 2024, we made progress in most of our Climate goals. We did well in our efforts to decarbonise our operations, engineer fleet, and hub offices.

We also carried on moving towards overall decarbonisation of OVO by 2035 – you can read more about this in our Carbon Footprint section above.

Last year, we achieved our target to avoid 10,000 tonnes of carbon emissions through our products and services. We know this only represents a small part of our emissions currently – we hope this will grow in the future. We want to ensure that our efforts to reduce our customers' energy emissions are accounted for in a robust and transparent way.

Metric	Target year	Target data	Baseline performance (year)	2023	**2024**	Progress
% reduction in total carbon footprint	2030	60%	0% (2018)	33%	**38%**	On track
	2035	100%				
% fleet that are EVs	2025	100%	8% (2020)	71.0%	**98%**	On track
% of properties powered by 100% "renewable energy" sources	2030	100%	92% (2020)	96.3%	**100%**	On track
Energy efficiency of facilities (kWh/m2)	2030	70	248 (2020)	155.1	**165.2**	On track
% of meters that are smart meters	2025	74.1%	42% (2022)	60%	**64%**	At risk
Tonnes of carbon emissions avoided through offering decarbonisation products and services (tCO_2e)	2023	10,000	C. 1500 (2021)	11,277	**–**	Achieved
% reduction in gas sold	2025	15%	0% (2020)	26%	**28%**	On track
	2030	50%				
	2035	100%				

Adapting to climate change

Last year, we worked with leading think-tank Green Alliance to see how the UK is adapting to this new reality. We found that our country's homes simply aren't built for our new, hotter summers.

This will only get worse as the planet keeps warming up. We found a few key areas where we can help:

1. Better designs and insulation
2. Help from nature
3. Using technology
4. Policy change

You can read more in the full report available here.

In the summer, we joined Green Alliance's Adaptation Taskforce alongside other industry leaders like Aviva and National Trust. The Adaptation Task Force gets leading companies together to push for better climate adaptation policies and find practical ways to make the UK more resilient to climate change.

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Setting science based targets

"Near term targets", as defined by the Science Based Targets initiative (SBTi), give organisations stepping stone goals to help limit global warming to 1.5 degrees in line with the Paris Agreement. In 2024, we had our near term target – 60% reduction of our carbon footprint by 2030 – validated by the SBTi.

This target helps guide us towards our 2035 net zero target. This year we will be aligning to the recommendations of the Transition Plan Taskforce (TPT). TPT helps organisations create short term plans (2-3 years) to achieve net zero. It goes beyond just ambition setting and creates road maps to net zero.

We know that, for us, reaching net zero means supporting a renewable electricity grid and helping our customers reduce their reliance on fossil fuels like gas. We'll be releasing our first report in the summer of 2025.

Getting ready for net zero

To reach net zero, our customers will need to be connected to a flexible energy grid via automated, efficient technologies. One first step towards this is getting a smart meter, which helps people engage in real time with their energy usage through insights in the OVO app.

Plan Zero

Customers.

Customers are at the heart of everything we do at OVO. To reach net zero we need to bring each of them on the journey with us. That means building trust with our customers by being honest about what's going well – and what's not going so well.

Our "Customers" pillar is all about establishing trust, so when people are ready to transition to greener energy, they do it with us. We need customers to be engaged in how and when they use energy. We also need to establish ourselves as the decarbonisation leader through our products, services, and cutting edge trials, so we can support all our customers with the transition, especially those who are most vulnerable.

Our progress so far

In 2024, we announced that we were winding down our green home improvement company, OVO Energy Solutions.

This meant that we didn't meet our energy efficiency measures target. The UK has the leakiest housing stock in Europe, so supporting energy efficiency measures is still important to us. We'll continue to support the rollout of efficiency in homes through initiatives like the Great British Insulation Scheme and the ECO4 scheme. We're also still committed to increasing efficiency through flexible energy use, with services like Power Move and trials like Battery Boost.

This year, we completed a double materiality assessment to review how our targets help us deliver on the goals of Plan Zero. This meant we could make sure our targets align with our biggest impact on people and planet. We will update our targets later this year.

Our case studies show how we continue to support our customers' decarbonisation.

Metric	Target year	Target data	Baseline performance (year)	2023	**2024**	Progress
% customers that consider us a leading green company	2030	90%	41% (2022)	45%	**43%**	At risk
% customers who are actively engaged in their energy use	2025	100%	4% (2021)	12%	**9%**	At risk
% of most vulnerable customers who feel OVO provides the support they need	2024	100%	Not Recorded	68%	**78%**	Not met
Number of homes that OVO has installed energy efficiency measures into (absolute)	2023	>1,500	1,130 (2021)	735	**–**	Not met

Beyond

The journey to net zero will look different for all of our customers – and everyone's at a different stage of that journey. That's why we launched Beyond, our free rewards programme. It's a way to reward our customers for being with us, making it more accessible for them to get tech that'll help them decarbonise their homes.

Rewards build up over two years and can be redeemed when customers are ready, within five years. All Beyond customers are able to earn:

- Up to five free solar panels, which can be redeemed when completing a solar installation
- Up to 2,400 free EV miles for when customers are ready to swap out their petrol or diesel vehicle
- Up to a year's free heating credit for when customers transition to a heat pump

We'll keep working to create supportive policy and financing to make sure that these kinds of green technology are accessible for everyone.

Supporting our customers

Right now, the energy systems doesn't work for everyone. We're trying to fix this. We know we need to support our customers, especially during the winter months.

Over the last 12 months, we supported over 20,000 customers through OVO Extra Support, our customer support package.

We're building deeper connections with the communities we serve by focusing on reaching customer groups that aren't as engaged with their energy use. By offering practical support and a physical presence, we'll build trust and help more people through the green transition.

We've been hosting in-person energy advice events with some of our charity partners – StepChange, Business in the Community, Citizens Advice, and Warm Welcome. And making sure our Extra Support Package reaches some of our most vulnerable customers in Newport, Bristol, Glasgow, Inverness, and Shetland. This winter, we hosted nine events, supporting over 2,000 families.

Power Nap

We partnered with actor, producer, and green energy advocate James Norton to create a new Amazon Alexa Skill. It's designed to make it easier for people to use energy at greener times with a "Power Nap". It uses real-time data from the National Grid so that any Alexa smart speaker owner, regardless of their energy supplier, can understand if it's a good, OK, or bad time to switch on their electric devices. All they need to do is ask.

The Skill was developed to help address the energy literacy gap in the UK. New YouGov research commissioned by OVO revealed only 21% of people intentionally run appliances at off-peak times, like at night. Despite this, the public has good energy intentions with 48% wanting to learn more about energy efficiency to help lower their household's carbon emissions.

Through the "Power Nap" Skill, James Norton's voice tells people when it's a good time to plug in so they're using power when there's more renewable energy on the grid.

Culture.

Our power comes from our people. Driving progress towards net zero by building a culture where everyone feels valued and can thrive. It will take all of us to reach our Plan Zero goals.

Our culture pillar is all about making sure OVO represents the world we live in – right up to our leadership teams. We also want to support the creation of new opportunities as we transition to a green economy. We want to make sure the transition works for everyone. And we want to ensure our people feel good about working at OVO. Including feeling connected to Plan Zero and Belonging.

Our progress so far

Our overall engagement score has continued to rise steadily for the past few years.

This is thanks to clear and consistent communication around strategy; engaging and informative events that bring our people together; and a focus on Belonging – helping us bring our whole selves to work and better serve our customers. In 2024, we've been able to retain a very healthy score of 8.8/10 (same as 2023). This is despite ongoing challenges such as the energy crisis, high cost of living, and organisational changes we had to make to future-proof our business.

We need to make sure our people's roles are fit for a net zero future. This is why, in 2024, we focused on upskilling roles that play a direct part in decarbonising homes. This includes roles involved in surveying and installing green technology such as solar, EV chargepoints and air source heat pumps. Between March and November, we upskilled 66 people across the business into green survey and installer roles, investing £55k in the process.

Overall Peakon score

Plan Zero Peakon score

Belonging Peakon score

Metric	Target year	Target data	Baseline performance (year)	2023	**2024**	Progress
Overall Peakon Score	2025	8.0	7.6 (2021)	8.2	**8.3**	On track
Plan Zero Peakon Score	2025	9.0	8.3 (2021)	8.8	**8.8**	On track
Belonging Peakon Score	2025	9.0	7.5 (2021)	8.8	**8.8**	On track
% female representation at a leadership level	2025	40%	37% (2020)	39%	**40%**	On track
% ethnic minority representation at a leadership level	2025	10%	8% (2020)	6%	**9%**	On track
Creating new green jobs	2035	15,000	0 (2022)	882	**1,379**	At risk

We're a Times Top 50 Employer for Gender Equality

We were recognised as one of the Top 50 Employers for Gender Equality in The Sunday Times Best Places to Work 2024 awards. We were commended for taking action and making gender equality part of the business strategy at all levels.

"At OVO we strive to create a culture that values every single member of our team with care, support, and respect, regardless of gender identity. When we show up to work as the truest version of ourselves we're able to do our best work, and as a result provide our customers with the best service possible."

Julia Diggs,
VP People

Engaging our leadership

At the end of 2024, we launched our Climate Leadership sessions, which deliver tailored climate training to the entire OVO Leadership Team.

These sessions focused on the key climate risks and opportunities that we identified in our **Climate Financial Disclosures**.

We were able to ensure sustainability was embedded within our leadership team and that each member was aware of the climate risks and opportunities relevant to their business area.

Day Zero

In November, we brought our people together to celebrate our Plan Zero progress – and to look ahead. We had inspiring conversations with presenter and author Kate Humble in our Bristol office, and a sustainable cook along with chef Gaz Oakley.

We also refreshed all our Plan Zero learning modules. This will help improve our people's confidence in their understanding of the climate crisis and our mission to tackle it. We want to embed sustainability skills, knowledge, and behaviour across our business so all roles are connected to delivering our Plan Zero goals.

Nature.

Reporting on nature

The Taskforce for Nature-related Financial Disclosure is an emerging reporting framework designed to help companies review and report on their relationship with nature.

In 2024, OVO became an early adopter of the Taskforce on Nature-related Financial Disclosures (TNFD). We recognise that there's no net zero without nature, and climate change is one of the 5 key drivers of nature loss. Alongside our mission of powering human progress with clean affordable energy for everyone, we also see the role that nature plays in driving the green transition.

Since adopting the Taskforce on Nature-related Financial Disclosures' recommendations, we've begun to report on our nature impact in line with their guidance. We know that just planting trees is not enough – which is why this year, we'll be releasing our first nature and biodiversity strategy, focusing our attention on our own impact.

This year we are disclosing our initial progress in aligning to the TNFD's recommendations. This disclosure covers our initial dependency, risk, impact, and opportunity (DIRO) assessment and our ambitions for the next year.

Governing nature risk

We've started to build on the foundations from our climate-related disclosures to integrate nature into our principle risk register.

This year, we've used ENCORE and other open-source tools to develop impact and dependency pathways in line with the Natural Capital Protocol.

We've used these results to score our nature-related impacts and dependencies, and trained our senior leadership on the results. Moving forwards, we will expand these results to include nature-related risks and opportunities.

Aligning to TNFD

We've committed to be completely aligned with the Taskforce on Nature-related Financial Disclosures by our next financial report. In 2024, we focused on the TNFD's LEAP framework, which was created to help organisations assess their nature-related dependencies, impacts, risks, and opportunities.

L	E	A	P
Locate	Evaluate	Assess	Prepare
Locate where OVO interfaces with nature.	Evaluate the impacts and dependencies on nature at those locations.	Assess nature risks and opportunities most material to OVO.	Prepare to respond and report on nature impacts, dependencies, risks, and opportunities.

We completed our first assessment, using the **ENCORE** tool, to identify key areas to focus on across our value chain.

In line with the "Locate" and "Evaluate" phases of LEAP, we analysed the impact of our 3 office locations, and 4 of our largest PPA generation sites.

Gas distribution and manufacture are important alongside the UK electricity grid in our value chain. We wanted to understand how they impact nature. While we have limited influence over these areas, this highlighted a major opportunity to advocate for these areas to become more nature positive.

Some of our findings are described in the table opposite on page 35.

Planting Promise

We're working with our partners, The Conservation Volunteers and the Woodland Trust, to plant native trees in schools and communities across the UK. This year, we're recognising the work we've done with our partners by highlighting some amazing stories on page 7.

Our upstream energy value chain			Our operations
Energy generation	**Transmission and distribution**	**Power Purchase Agreements**	**Offices**
We don't generate the energy we sell, but we recognise the impact it has and our responsibility to mitigate it. This covers all generation activities, including extracting and processing fossil fuels, and combustion at power plants.	In the UK, power is transmitted and distributed by the National Grid and Distribution Network Operators (DNOs). This covers all activities involved in moving energy from where it was generated into our customers' homes.	We buy energy from renewable generators across the country through Power Purchase Agreements. This covers the creation of renewable energy sites, and the generation of renewable electricity.	We have 3 key hubs across the UK in London, Glasgow, and Bristol. This covers all activities in our offices, such as waste and water use.
Energy generation has significant impacts on nature. The production and use of fossil fuels release large quantities of GHG emissions which are a major driver of nature loss. Similarly, it can lead to disturbances, emissions of toxic pollutants and non-GHG gases which all drive nature loss. Alongside its impact on nature, energy generation depends on vital ecosystem services such as water supply and global climate regulation.	The nature impact from energy transmission and distribution comes mainly from land-use change (e.g. the construction, operation and maintenance of pylons, wires and transformers). These can all disrupt ecosystems across the UK. Meanwhile, the grid is dependent on flood and storm mitigation services for its operations.	Solar and wind farms cause impact to nature through land and seabed use, as well as disturbances from construction, maintenance and from operations. They depend on global climate regulation, flood control and other areas such as flood/storm mitigation and soil retention.	Our offices have a significantly smaller footprint than our supply chain. However, they are also the area where we have most control in our value chain. Our material impacts here are driven by our land use. The locations also depend on nature to support with flood and storm mitigation.

For OVO, aligning with – and reporting against – TNFD is an iterative process. We'll keep revisiting our approach to consider whether areas become more important, either to nature or to our business.

Our vision for nature

Our next annual report will contain our first TNFD-aligned reporting. We'll carry on working towards each of the 4 pillars of TNFD. As part of our preparedness for a full TNFD report, these are the key actions we'll take over the next year for each pillar:

Strategy

- Expand the impact and dependency assessment across our entire PPA portfolio.
- This year we will be releasing a nature strategy addressing the results of our DIRO assessment.

Risk and impact management

- Identify key nature risks and opportunities for OVO.
- Integrate key risks in our principle risk register, alongside climate.

Governance

- Deliver nature risk training to our senior leadership as part of our annual sustainability training.
- Integrate nature risk into our existing policies – such as our Human Rights Policy – to make sure we're recognising the impact on indigenous peoples and local communities.

Metrics and targets

- Set an overarching target for our nature strategy.
- Identify key metrics from our DIRO assessment to keep us accountable when it comes to our nature impacts and dependencies, risks, and opportunities.

Our climate-related financial disclosures.

Governance

To reach our climate goals, we need supporting governance structures that let us make progress and keep us accountable.

OVO Board and Directors

Our commitment to tackling climate change goes right to the top at OVO. Our Board oversees the strategic direction of the business. They're consulted on an ad hoc basis by the business on relevant sustainability information, such as the strategic decision to move away from REGOs, or our SBTi submission. In 2024, climate-related information was presented to the Board 4 times. They also review and approve our Plan Zero narrative on an annual basis, which is where the majority of our climate-related updates are made.

Risk Committee

Climate Change is a principal risk on our risk register. This means the OVO Risk Committee, made up of members of our Board and Leadership Team, will be looking at climate risks in even greater depth, and making sure we're always managing and adapting to these risks appropriately.

Leadership Team

Our CEO oversees our climate performance and has ultimate responsibility for the delivery of our Plan Zero ambitions. Our VP of Corporate Affairs, Brand and Marketing is responsible for the day-to-day management of our Plan Zero strategy. Our leadership team receives regular updates from our Head of Sustainability on climate, including a round up of our Plan Zero performance on an annual basis.

Sustainability Team

Our dedicated Sustainability Team is the driving force behind Plan Zero. They're responsible for integrating Plan Zero across the business and lead on the day-to-day management of climate-related issues. Our team annually reports on progress against climate-related initiatives in the Plan Zero report.

Climate confidence at OVO

Last year, we refreshed some of our key climate training modules:

- Climate and Carbon
- Plan Zero

We launched two more in early 2025:

- Climate Adaptation
- The Energy Transition

This forms part of our aim to built climate awareness. It'll mean climate and sustainability skills, knowledge, and behaviours are embedded across the business. We'll create tailored learning for each department in the business, so it's relevant to each role.

Climate Leadership

In the last few months of 2024, we completed a series of climate-risk related training sessions with the OVO Leadership Team.

For each member of the team and their direct reports, a 90 minute session was crafted around the key risks and opportunities for their business area. The training covered a range of topics:

- Climate change and Plan Zero
- Sustainability reporting requirements
- Greenwashing
- Climate risk and opportunities
- Nature
- Supply chain risks

We plan to run a refreshed session during Q4 of 2025.

Board Risk Committee

Meets quarterly

Retail Leadership Team

Quarterly risk reviews

Individual Leadership Team (LT) members

Monthly risk reviews

Sustainability climate risk universe

Continuous monitoring of climate risks

Principal risks mapped to our principal risk framework

- Financial & Commodity
- Customer Operations
- Security & Resilience
- People & Culture
- Regulation Compliance & Reporting
- Proposition
- Climate Change

Top risks
Each top risk is owned by an LT member.

Individual risks
Individual LTs identify and assess their risks.

Complete catalogue of different climate related risks and opportunities.

Risk response
Clear mitigation plans with target dates owned by Heads of Departments and above.

Risk acceptance is based on appetite levels.

Metrics and targets

We calculate and report on our Scope 1 and 2 emissions inventory in line with the SECR regulations. We disclose all our relevant Scope 3 emissions in our Annual Report carbon emissions table.

See our disclosure table for more information.

Our Scope 1, 2, and 3 footprints are monitored by our Sustainability Team. Our main climate-related target in Plan Zero is to reach true net zero by 2035. As part of this transition, we also have an interim near-term 2030 target, that has been validated by the Science Based Targets initiative.

In 2024, we completed a Double Materiality Assessment in line with the guidance set out under the Corporate Sustainability Reporting Directive. This will help us inform any updates to our Plan Zero metrics in 2025.

Risk management

Climate is still a principal risk in our risk register. Our VP of Corporate Affairs, Brand and Marketing has ultimate responsibility for this risk. They're supported by the Sustainability Team, who manage the day-to-day of climate-related risk management.

As climate change is a principal risk, anything added to our risk management platform is also assessed for its impact on the climate. If it's identified as a climate change risk, then it falls under the responsibility of our VP of Corporate Affairs, Brand, and Marketing, supported by a relevant business owner.

Following quantitative scenario analysis last year, we can now upload evidence of financial value with certain climate-related risks.

This risk management process is continuously assessed and formal updates are given to the Risk Committee and Board on a quarterly basis.

Our climate-related financial disclosures (continued)

Strategy

We're always modelling climate scenarios, and we include key risks as part of our management process. This helps us explore possible outcomes by using assumptions, but it's not a prediction. It shows how prepared we are for climate risks and helps us find, and respond to, opportunities related to climate change.

To see how climate risks affect us, we need to understand our business. We do two main things: supply energy (gas and electricity) and sell and install low-carbon tech like solar panels and heat pumps. Both rely on big, complex, global supply chains that can be disrupted by weather, policy changes, or reputational damage.

This year, we've reassessed the key risks we set out in 2023. These are still the most relevant to our business.

Transition Risk: how carbon pricing affects how much it costs to buy energy.

Transition Risk: the impact of higher demand for raw materials used to manufacture low carbon tech.

Physical Risk: how chronic climate change impacts our customers' energy demands.

We conducted the analysis over short, medium, and long term horizons. We haven't included all of the horizon's here. This is because the impact wasn't as significant in the short term as under medium or long term horizons.

Short term: Up to 2025
Medium term: 2026-2035
Long term: 2036-2050

The tables on the next few pages show how these risks could affect our balance sheet under different scenarios and timescales. Our impact levels are defined as:

Low (0-5% of average annual revenue)
Medium (5-25% of average annual revenue)
High (25%-50% of average annual revenue)
Very high (50%+ of average annual revenue)

We used different reference scenarios depending on which risk we were assessing. These include: Shared Socioeconomic Pathways (SSP), Intergovernmental Panel on Climate Change (IPCC) scenarios, International Energy Agency (IEA) scenarios, and the National Grid's Future Energy Scenarios.

Summary of previous scenario analysis

TCFD Risk Category	Impact			
	Scenario	Short term (2025)	Medium term (2035)	Long term (2050)
Physical: Chronic changes in climate and weather	SSP1	Low	Low	Medium
	SSP2	Low	Medium	Medium
	SSP5	Low	Medium	High
Transitional: Carbon taxation	SSP1	Low	High	High
	SSP2	Low	Low	Medium
	SSP5	Low	Low	Low
Transitional: Customer scrutiny	SSP1	Low	Low	Low
	SSP2	Low	Low	Low
	SSP5	Low	Low	Low
Transitional: Increased social inequality	SSP1	Low	Low	Low
	SSP2	Low	Low	Medium
	SSP5	High	Medium	Medium
Transitional: Changing customer behaviour	SSP1	Large	Large	Large
	SSP2	Small	Medium	Medium
	SSP5	Small	Small	Small

Key to estimated impact
- High
- Medium
- Low

Key to estimated opportunity
- Large
- Medium
- Small

Last year we performed our initial qualitative scenario analysis on key climate risks and opportunities. This created the foundation for our climate-risk management process which we have since formally integrated into OVO's risk management process. This year our focus was on quantifying some of these key risks and opportunities in financial terms.

You can find last years qualitative scenario analysis for ease of reference.

Building on our previous analysis, we've looked at 3 new climate-related risks and opportunities:

Risk: increased bad debt from customers due to rising energy prices

Risk: fines from incidents of greenwashing in external communications

Opportunity: increased revenue from zero carbon living technology sales

Increased bad debt from customers due to increasing energy prices

The first new risk we looked at was bad debt. This is the amount of money owed by customers that's unlikely to be repaid. Under the pressures of the cost of living and increasing energy prices, this has become a bigger problem for customers, energy retailers, and the regulator.

Under a business-as-usual scenario, energy prices have stayed volatile because of a continued reliance on fossil fuel sources. This cost is passed onto customers, increasing pressures on the cost of living, and then bad debt rates in the energy system.

In a net zero future, as we transition to an electricity grid predominantly reliant on renewables, we expect the cost of electricity to come down for the market and consumers. This is because renewable generation will be plentiful, and our electricity price will no longer be tied to volatile fossil fuel (e.g. gas) prices. This will reduce the burden on households, so we predict a lower level of bad debt out to 2030 and 2050.

Risk: increased bad debt from customers due to increasing energy prices

Impact out to 2035				Impact out to 2050			
Current policies		Net zero 2050		Current policies		Net zero 2050	
Gross value	Net value	Gross value	Net value	Gross value	Net value	Gross value	Net value
■	■	■	■	■	■	■	■

Fines from incidents of greenwashing in external communications

Greenwashing means incorrect or misleading claims relating to the environmental credentials of a product, service or business. In 2024, the Digital Market, Competition and Consumers Act was passed. This gave the Competition and Markets Authority the ability to fine businesses seen to breach consumer law, including by greenwashing.

Under current policies, OVO is exposed to a 10% fine if we make misleading claims. We're always under scrutiny and never want to greenwash, so we're very careful. All claims are reviewed by legal, sustainability, and compliance where there's a greenwashing risk.

Assuming the same 5% fine stands then, our exposure to this risk will go up, thanks to heightened customer and competitor awareness.

Risk: fines from incidents of greenwashing in external communications

Impact out to 2035				Impact out to 2050			
Current policies		Net zero 2050		Current policies		Net zero 2050	
Gross value	Net value	Gross value	Net value	Gross value	Net value	Gross value	Net value
■	■	■	■	■	■	■	■

Increased revenue from zero carbon living technology sales

The first opportunity we looked at was revenue generated from sales of zero carbon living tech, like solar panels and heat pumps. These are key technologies to support our customers' move to net zero – they boost flexibility and reduce people's reliance on gas for heating.

The cost of these technologies – especially heat pumps – is prohibitive. At the moment, the opportunity is limited by policies which don't support growth. Without government pressure, the incentive for homeowners and landlords remain few, which means that technologies could be adapted too slowly.

In a net zero future, technology adoption will be increased because of gas boiler bans and financial support for households. As we already have a well developed proposition for installation and energy provision, OVO will be able to capitalise on this opportunity and diversify our revenue stream in the run up to 2050.

Opportunity: increased revenue from zero carbon living technology sales

Impact out to 2050			
Current policies		High temperatures	
Gross value	Net value	Gross value	Net value
■	■	■	■

Our policies.

Health and safety

Keeping our people and customers safe is essential to us. It's key to building the trust we need to get to net zero – and it's the right thing to do. Here are the figures from our Health and Safety Team for 2024.

Total recordable injury rate: increased

0.20 injuries per 100,000 hours worked – compared with 0.17 in 2023.

There were 18 recordable injuries at OVO in 2024, mainly caused by slips, trips, falls, and manual work, mainly within our fulfilment teams. As a result, we're going to focus on musculoskeletal injury prevention in 2025.

Serious road traffic collision rate: decreased

0.11 collisions per million miles – compared to 0.55 in 2023.

We reported a reduction in serious RTCs with 1 road traffic accident in 2024 due to a collision by a third-party vehicle. Our minor RTCs increased, as we've encouraged our people to report incidents while stationary or parked, too.

Technical health and safety

We've stayed focused on reducing the number of technical safety incidents involving electricity or gas. In 2024, we saw a decrease in technical health and safety incidents by 10%. We deliberately focused on greater internal quality assurance, and making sure every incident is reported and properly recorded.

Last year, we reviewed our OVO Retail health and safety management structure, bringing teams together so we can collaborate more easily. In 2025, we have a more centralised reporting system and consistent performance measures.

Information security

At OVO, we handle a lot of information about our customers every day. That's why we're always improving and investing in our data security.

Plenty of cyber attacks make news headlines – many more don't. It's never been more important that our customers, investors and regulators are protected from such incidents, so we embed security into all our technologies and processes.

In 2024, we made several key improvements to improve our information security:

- Training and skills development: OVO invested in training programs to upskill the teams responsible for administering data and systems, equipping them with the knowledge and tools to address cybersecurity challenges.
- Third-party security: OVO kept taking a robust approach to security due diligence and contracting measures. We know that our supply chain and data processors are important partners in safeguarding trust.
- Preventative security: we established a new attack surface management team. It's dedicated to finding and fixing security defects, which could provide opportunities to attackers. OVO's engineering teams are relentlessly committed to "Zero Criticals" in our cloud platforms. Our mean time to resolve critical and high cloud security defects fell by 89% and 63% respectively.
- We've improved our defences, with new ways to detect attacks on our core infrastructure. Plus, we implemented a cutting-edge email security solution which has helped us quarantine over 4,300 malicious emails before they reached anyone's inbox.
- Security Business Intelligence: we used data analytics to track and report on our security performance throughout the year. This helped us clearly see how well our security was working, identify any weak spots, and make informed decisions about how to improve our security measures.
- External assurance: we've committed to gaining ISO27001:2022 certification. This is in addition to the external audits required to meet our obligations under the Smart Energy Code for smart metering, which OVO successfully completed in 2024.

These changes show we're really serious about keeping our data secure, building trust with our customers, working with our partners, and hitting our Plan Zero goals.

Our policies

For all our sustainability policies and data, please go to our **Plan Zero hub**.

Streamlined Energy and Carbon Reporting.

OVO Group Ltd is required to report energy and carbon emissions data under the Streamlined Energy and Carbon Reporting (SECR) requirements. We have set out the data for OVO and Kaluza separately, as the operations of the two entities are considered materially different. We report sustainability separately.

You can find OVO's explanation of key trends in our data in our carbon footprint section on page 26.

Kaluza's carbon and energy performance: in 2024 Kaluza saw an increase in office electricity use compared to 2023, as it changed office locations to accommodate a growing staff and operations. In Melbourne, Australia more office space was leased, and in Edinburgh new office space was found which required refurbishments, leading to higher power use. Despite this growth both office natural gas and diesel use decreased in 2024. Business travel related energy use grew slightly as Kaluza continues to grow its international reach and clientele.

Kaluza's full carbon accounting beyond SECR requirements will be published separately from OVO Group.

Energy consumption figures

			OVO		Kaluza		OVO Group Ltd
Area	Energy source	Unit	2023 energy consumption	**2024 energy consumption**	2023 energy consumption	**h2024 energy consumption**	2024 energy consumption
Building energy consumption	Natural gas	kWh	1,702,354	**620,064**	55,235	**54,229**	674,293
	Diesel	kWh	25,448	**14,300**	5	**2**	14,302
	Electricity	kWh	3,675,156	**3,327,045**	209,542	**261,788**	3,588,833
Fleet energy consumption	Diesel	kWh	5,624,329	**2,776,500**	–	**–**	2,776,500
	Petrol	kWh	174,943	**16,317**	–	**–**	16,317
	Electric	kWh	3,532,711	**6,153,354**	–	**–**	6,153,354
	Hybrid	kWh	4,574	**–**	–	**–**	–
	Plug-in hybrid	kWh	4,098	**–**	–	–	–
Business travel energy consumption	Diesel	kWh	222,488	**248,339**	–	**3,025**	251,364
	Petrol	kWh	286,511	**83,814**	–	**6,022**	89,836
	Hybrid	kWh	9,840	**4,632**	–	**197**	4,829
	Plug-in hybrid	kWh	1,511	**–**	–	**–**	–
	EV	kWh	7,986	**10,949**	–	**955**	11,904
	Not specified	kWh	–	**–**	11,179*	**3,871**	3,871
Total energy consumption		kWh	15,271,949	**13,255,314**	275,961	**326,218**	13,585,403

* Reporting error corrected using appropriate conversion rates: car hire spend was mistakenly reported as fuel spend.

Streamlined Energy and Carbon Reporting (continued)

Greenhouse gas emissions figures

				OVO		Kaluza		OVO Group Ltd
Emissions scope	Area	Emissions source	Unit	2023 greenhouse gas emissions	**2024 greenhouse gases**	2023 greenhouse gas emissions	**2024 greenhouse gases**	2024 greenhouse gases
Scope 1 emissions	Building energy consumption	Natural gas	Tonnes CO_2e	311	**113**	11	**11**	124
		Diesel	Tonnes CO_2e	6	**4**	–	**–**	4
	Fugitive emissions	R410A	Tonnes CO_2e	251	**176**	–	**–**	176
		R407C	Tonnes CO_2e	4	**–**	–	**–**	–
		R32	Tonnes CO_2e	–	**–**	–	**–**	–
	Fleet energy consumption	Diesel	Tonnes CO_2e	1,344	**695**	–	**–**	695
		Petrol	Tonnes CO_2e	40	**3**	–	**–**	3
		Hybrid	Tonnes CO_2e	1	**–**	–	**–**	–
		Plug-in Hybrid	Tonnes CO_2e	1	**–**	–	**–**	–
	Total Scope 1 emissions		Tonnes CO_2e	1,959	**991**	11	**11**	1,002
Scope 2 emissions	Building energy consumption	Electricity (Location-based)	Tonnes CO_2e	744	**556**	43	**51**	607
		Electricity (Market-based)	Tonnes CO_2	94	**289**	–	**26**	315
	Fleet energy consumption	Electricity (Location-based)	Tonnes CO_2e	723	**763**	–	**–**	763
		Electricity (Market-based)	Tonnes CO_2e	1,348	**763**	–	**–**	763
	Total Scope 2 emissions (Location-based)		Tonnes CO_2e	1,475	**1,319**	55	**51**	1,370
	Total Scope 2 emissions (Market-based)		Tonnes CO_2	1,441	**1,052**	–	**26**	1,078
Scope 1 and Scope 2 emissions	Total Scope 1 and Scope 2 emissions (Location-based)Δ		Tonnes CO_2e	3,434	**2,310**	55	**62**	2,372
	Total Scope 1 and Scope 2 emissions (Market-based)Δ		Tonnes CO_2e	3,401	**2,043**	11	**37**	2,080

Emissions scope	Area	Emissions source	Unit	OVO 2023 greenhouse gas emissions	OVO **2024 greenhouse gases**	Kaluza 2023 greenhouse gas emissions	Kaluza **2024 greenhouse gases**	OVO Group Ltd 2024 greenhouse gases
Scope 1 and Scope 2 emissions (cont.)	Total Scope 1 and Scope 2 emissions intensity relative to revenue (Location-based)		Tonnes CO_2e/£m	0.39	**0.42**	1.76	**1.77**	0.43
	Total Scope 1 and Scope 2 emissions intensity relative to revenue (Market-based)		Tonnes CO_2e/£m	0.39	**0.37**	0.36	**1.03**	0.38
Scope 3 emissions	Business travel energy consumption	Diesel	Tonnes CO_2e	57	**63**	–	**1**	64
		Petrol	Tonnes CO_2e	70	**14**	–	**1**	15
		Hybrid	Tonnes CO_2e	2	**1**	–	**–**	1
		Plug-in hybrid	Tonnes CO_2e	2	**–**	–	**–**	–
		EV	Tonnes CO_2e	1	**2**	–	**–**	2
		Unknown	Tonnes CO_2e	–	**–**	3*	**1**	1
	Total Scope 3 emissions		Tonnes CO_2e	131	**80**	3*	**3**	83
Revenue			£m	8,800	**5,525**	31	**35**	5,530

* Reporting error corrected using appropriate conversion rates: car hire spend was mistakenly reported as fuel spend.

How we do what we do.

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Statement on corporate governance arrangements.

For the year ending 31 December 2024, OVO Group Ltd has applied the Wates Corporate Governance Principles for Large Private Companies. OVO Group Ltd complies with the principles as follows.

Purpose and leadership

OVO's vision is to power human progress with clean, affordable energy for everyone. This vision underpins our strategy and, alongside our values, helps us drive progress to zero carbon living. We have a role in decarbonising the energy system and leading the transition to a more sustainable future.

Board composition

The Board is chaired by Justin King CBE and the role of the Chair is separate from the Chief Executive Officer. Justin joined as the Chair on 1 March 2024 replacing Stephen Murphy, who stepped down after 9 years as Chair. Justin chairs the Board as a Director of Energy Transition Holdings Ltd, the Company's parent. In May 2024, David Buttress joined OVO as CEO, replacing Raman Bhatia.

In 2024, OVO was managed by the following individuals.

Director	
Stephen Murphy (to 29 February 2024)	Outgoing Chair
Kunal Dasgupta	Non-Executive Director
Stephen Fitzpatrick	Non-Executive Director
Go Muromoto	Non-Executive Director
Daniel Sasaki	Non-Executive Director
David Buttress* (from 1 May 2025)	Executive Director
James Davies* (from 1 May 2025)	Executive Director
Vincent Casey	Executive Director

During 2024, the Board met 11 times with directors in attendance at all meetings, except Vincent Casey (90%), Stephen Fitzpatrick (82%), Daniel Sasaki (64%) and Kunal Dasgupta (90%).

* Directors of subsidiary companies including Jonson Cox, Raman Bhatia, and David Buttress and James Davies (prior to their appointment to the OVO Group Board) also manage OVO.

The Board recognises that as a primarily shareholder-appointed body, there is limited diversity other than in terms of ethnicity (as at 31 December 2024, 50% of Board members being from an ethnic minority). There is no female representation but this is something we are actively working on and hope to be able to address in the future.

OVO's leadership team

Leadership Team Member	
David Buttress	Chief Executive Officer
James Davies	Chief Financial Officer
Mat Moakes	Chief Commercial Officer
Lauren Lewis	Interim Chief Operations Officer
Stephen Harris	VP Energy
Julia Diggs	VP People
Alex Doorey	VP Marketing, Corporate Affairs and Sustainability
Mary Starks	VP Regulation, Risk and Policy

Directors' responsibilities

OVO's governance and leadership structure provides a clear framework for oversight and decision making for our commercial and functional leaders. It also ensures we can deliver on the ambitions set out in Plan Zero, drive commercial performance, and oversee the operations of our business.

Directors are aware of their responsibilities under the Companies Act 2006, as well as their wider obligations of sector-specific regulation in the markets in which OVO operates.

The Board has timely and regular access to information related to all aspects of OVO's businesses.

Opportunity and risk

The Board has overall responsibility for setting OVO's strategic direction and making sure risk is effectively managed with appropriate internal controls. The Board has a standing Risk Committee to support its oversight of OVO's leadership team's management of risk.

OVO's leadership team is accountable for effective management of risk on a day-to-day basis by identifying risk in OVO's businesses and taking action

to manage risk to a tolerable level. OVO's leadership team collectively considers risk as a routine part of their regular meetings and has several sub-committees to oversee and take action on specific areas of risk, such as Information Security, Credit Risk, and Energy Market Risk.

OVO has identified eight principal risks and uncertainties which could stop the Group from offering the best customer service, prevent it from delivering Plan Zero or adversely impact its financial health.

- Commodity Demand and Volatility
- Credit and Liquidity
- Service Delivery
- Innovation and Market Position
- Regulation, Legislation and Compliance
- People and Culture
- Cyber Security
- Climate Change

Commodity demand and volatility

The risk that OVO is exposed to fluctuations in the energy market caused by volatilities in commodity prices, geopolitics, macroeconomics and regulatory interventions, and that unexpected events change the supply, demand and pricing of gas and power.

While the extreme market pressures from the global energy crisis have eased, energy markets, geopolitics, and the global economy are still unsettled. This means the risk of further major disruptive events is still a very real possibility. Macro-economic uncertainty remains, and OVO customers are still facing affordability challenges, particularly when energy tariffs increase due to higher wholesale market prices.

We'll keep anticipating, monitoring, and reacting to these external events so we can source energy products at a reasonable price for our customers and mitigate the risk of negative impacts on our profitability.

We actively manage our market exposures, with a dedicated in-house commodity trading team reviewing and adjusting our hedging position and strategy in response to market conditions and risks.

Our pricing policy is reviewed regularly so we're offering products at competitive prices, while making sure that price levels can recover the forecasts of the costs we will incur.

Weather is one of the main drivers of sudden changes in customer demand. We actively model weather scenarios and their impacts. We then review our modelling assumptions to make sure they align to observed conditions, and to consider the impact of climate change on seasonal norms. We look for hedging proposals that factor in these adjustments and other potential drivers of changes in demand.

Credit and liquidity

The risk that OVO does not manage its finances such that it maintains sufficient liquid assets to meet financial liabilities as they fall due, deliver strategic growth plans, and fund future investment opportunities.

Like all energy companies, OVO faces a number of risks as part of trading. We have payment obligations to our lenders and investors, and supply commitments to our customers. Customers and suppliers failing to meet their payments, as with any trading entity, are closely linked to our funding liquidity.

We plan for these internal and external causes of financial risk, and maintain resilient working models to make sure we meet our financial liabilities as they fall due. We monitor economic and market factors, such as cost and wage inflation, along with energy price movements, and regularly stress test our liquidity position.

We actively manage our funding arrangements – in early 2025 repaying our £300m term loan facility and £100m second lien term loan facility subsequently drawing down a new £60m borrowing facility.

The level and structure of operational expenditure and bad debt allowances in the price cap has the potential to adversely affect our financial position. And cost of living and pricing pressures continue to impact levels of bad debt. We've delivered initiatives to improve our understanding of customer debt risk, provide debt support to customers earlier. We encourage the use of direct debit but delays in the restart of warrant visits have affected debt recovery.

We proactively monitor risk in our supply chain and actively engage key suppliers to manage counterparty risk.

Service delivery

The risk that we don't meet the service expectations of our customers or provide the tools, knowledge and oversight to drive towards a path to zero; not earning the trust of our customers that we need to decarbonise energy.

OVO aims to become one of the UK's most trusted brands as our customers transition to a lower carbon lifestyle. It's essential that we deliver service levels and experience that match up to our aim, licence conditions and our customer expectations.

We're focused on making sure customers' interactions with us are consistent, smooth, and we can resolve issues for them first time. To achieve this, we're investing in our systems and tooling. We're also improving processes and strengthening our control environment, with a focus on billing, collections (including affordability and payments) and vulnerability management.

Our Live Operations capability makes sure we can quickly identify and respond to service problems and minimise any impact for customers.

We're also still supporting our most vulnerable customers through specialist teams, schemes, and the distribution of our £50m support package.

Our "Customer Experience Forum" and "Voice of the Customer" analysis gives insight into our customer journeys through a range of independent review platforms and satisfaction surveys. This allows us to adapt our service to respond to customer needs and helps us make decisions as though the customers are in the room.

Innovation and market position

The risk that we don't respond to customer demand for reliable, low carbon, low cost, quality, innovative products and services; and we lose competitive advantage.

Energy and decarbonising homes is an evolving market driven by advances in technology, changes in government policy, geopolitics, macroeconomics, and customer appetite for renewable energy. To achieve long term growth, we need to invest in innovation that provides low cost, low carbon, high quality products and services.

Our challenger mentality and entrepreneurial culture means we're in a solid position to create further value for customers. We're continuing to invest in the technology and services that customers really need to decarbonise their homes. We're also aiming to grow by acquiring innovative businesses that provide pioneering products and services. We focus on opportunity areas, ensuring we have the right expertise to deliver development at pace.

We know that in a competitive market we must raise our brand awareness, so that customers recognise OVO as being an energy provider they can trust.

Regulation, legislation and compliance

The risk that, in a sector subject to increased scrutiny, initiatives and regulation from Ofgem and the government, OVO may face unforeseen costs of responding to changing requirements, or may be unable to meet requirements with available resources.

Ofgem and government introduced a raft of new rules, requirements and initiatives in response to the global energy crisis. The pace of change continues to place significant demands on retail suppliers, with ongoing work on consumer debt, reform of the ECO and GBIS schemes, and the future of pricing under MHHS, as well as an ambitious program of metering upgrades ahead when 2G and 3G are retired. From 31 March 2025, all suppliers must comply with Ofgem's new capital adequacy requirements. OVO has met the capital floor requirement and has an approved capitalisation plan which the Board is confident will meet the capital target.

We welcome the government's focus on regulation and growth, and its recognition of the importance of stable policy and regulatory frameworks to support investment and business decisions.

OVO interprets and complies with regulatory obligations, supported by specific policies and controls overseen by dedicated compliance and legal professionals, and promotes a culture of responsible and ethical behaviour. Our Board and Leadership Team provide tone from the top, clearly communicating OVO's expectations for conduct, corporate values and leadership behaviours. We have mandatory training in areas such as fraud and corruption, information security, and data protection.

We engage positively with policy makers, Ofgem, and consumer groups to ensure that we're aware of upcoming policy, political and regulatory issues. This makes sure we have early sight of any requirements which could have a material impact on our customers and our business, and an opportunity to influence them.

People and culture

The risk that we're unable to attract, retain and develop capable people with the right knowledge, skills and mindset to drive and deliver business growth while embedding an inclusive culture which is key to our strategy.

The energy sector, OVO included, has been affected by global and economic disruptive events that have shaped people's sentiment, ways-of-working and cultural expectations significantly.

We still see challenges around the shortage of talent in our sector, including upskilling and front line retention in this highly competitive, dynamic and innovative industry. Preserving our unique culture and staying progressive will be critical to our success. Things are changing rapidly – including the climate, cost of living, AI, and so on – which makes it more and more important to anticipate how our future people approach will evolve. We recognise there might be shifts away from traditional career paths, engineering and technology skills gaps for renewables and digitalisation, and intensified competition from peers.

Our People strategies, policies, and processes are reviewed and updated regularly to make sure they're relevant to our fast changing risk landscape. We review our pay, incentives, and wellbeing often, to support and prepare our people during changing times – a good example being the cost-of-living crisis. We'll keep engaging with our leaders and teams to encourage growth, by managing our talent and using tools to develop potential.

Our People feedback surveys measure and improve engagement, diversity and inclusion, and tell us a lot about the needs of our community. Our People Team partners with different business areas and works closely with trade unions to understand our current and future people requirements, to support the development of our strategic plans.

Cyber security

The risk that system interruptions (including cyber attacks) make OVO's service offerings unavailable, or there is a breach of customers' personal data.

We're always improving our procedures and controls to prevent, detect, contain, and learn from unauthorised access and unplanned interruptions in relation to OVO's data and systems. However, we can't prevent all intrusions and interruptions, and these types of incidents might result in operational failures or a data breach. They could temporarily halt our service offerings, adversely affecting our day-to-day business operations. It's really important to keep customer data protected within our systems and fulfil our promised levels of service.

OVO's technology also relies, in part, on the services of third-party providers, who might experience system interruptions and attempts to break into their information technology systems and infrastructure. Third-party providers might not have the resources or technical sophistication to anticipate or prevent all types of attacks, or to protect their customers from the impact of such attacks. Any interruptions in the services provided by such third parties, which are outside the control of OVO, could impact the operation of our business – and potentially OVO's financial condition or prospects.

We manage this principal risk by implementing an information security management system, which establishes, implements, operates, monitors, reviews, maintains, and continuously improves OVO's information security, so we can achieve our business goals.

Climate Change

The risk that we don't meet our commitment to transition to a zero carbon energy system, and that transitional or physical climate risks impact our business operations and strategy.

OVO is committed to reaching net zero by 2035. This means supporting the decarbonisation of the UK electricity grid, as well as helping customers to switch to electric heating solutions like heat pumps. However, our progress is largely dependent on a complementary net zero policy landscape, engagement from consumers and help from other players in the energy industry.

Our focus is to reduce the carbon emissions from the energy we sell, and help drive the move to a renewable, electric energy system. We're working with government and industry bodies to develop policy that supports the net zero transition, including the introduction of a social tariff, community renewable energy projects, and heat decarbonisation.

Climate change presents a range of physical and transition risks – as well as opportunities – for us to manage and respond to. In 2024, we worked on defining the role of an energy retailer in climate adaptation for our customers. We released our first adaptation assessment and joined the Green Alliance Climate Adaptation Task Force. We also conducted our annual assessment on our financial vulnerability to different climate-related risks, and responded to these risks accordingly.

As a business with sustainability at our core, any green claims we make need to stand up to consumer and regulatory scrutiny. In 2023, we moved away from selling "renewable electricity" tariffs backed by REGOs as standard because of greenwashing concerns. In 2024, the same concerns meant we stopped selling "green gas" backed by similar certification as standard.

We talk more about our strategy to decarbonise the energy system and detailed Climate-Related Financial Disclosures on page 36.

Remuneration

OVO's remuneration approach is focused on attracting and retaining the right mix of talented, innovative, and passionate people – both in our senior management and across OVO. The Remuneration Committee reviews and monitors OVO's reward practices, making sure they're designed to support our strategy and help long term sustainable success.

The Remuneration Committee approves OVO's Long Term Incentive Plan, which is designed to reward and retain our senior management, based on OVO's growth trajectory. Each year, the Committee considers whether to invite our people to join the Plan. It also decides on the target award given to those people – based on seniority and their level of impact on OVO's success.

The OVO annual bonus, available to a wider group of our people, is underpinned by a financial gateway, so bonuses won't be paid if the gateway isn't passed. The other metrics of customer satisfaction make sure OVO doesn't award bonuses if we've not acted in the best interest of our customers. These metrics are reviewed each year so they keep in line with OVO's strategy and purpose.

Stakeholders

Our statement on Section 172(1) (see page 20) provides more detail about how we engage stakeholders and consider their interests in Board decision-making.

Board Committees

The Board has 3 standing committees to cover specific areas of its responsibilities: Audit Committee, Remuneration Committee and Risk Committee.

Committee Chairs provide regular updates to the Board covering the committees' meetings and activities.

Audit Committee

The Audit Committee ensures the integrity of our financial reporting, our internal control environment and risk management processes. The committee: reviews financial information before it's published; monitors systems of internal control and risk management; approves and oversees internal audit and external audit processes; and maintains the auditors relationship.

The members of the Audit Committee are:
- Kunal Dasgupta (Committee Chair)
- Jonson Cox
- Go Muromoto

The committee normally invites the Chief Financial Officer, Finance Director, Group Financial Controller, Head of Risk and Internal Audit, and the External Auditors to attend its meetings.

In 2024, the committee: reviewed and considered significant judgements in relation to the financial statements; reviewed the financial control framework; reviewed and discussed the External Auditors report for 2023, including any key risk areas and material issues identified; reviewed and approved the Annual Report and Financial Statements for 2023, and the external audit plan for 2024; monitored progress against the internal audit plans; and approved the internal audit charter and plan for 2025.

Remuneration Committee

The Remuneration Committee makes sure we attract and keep talented, innovative and passionate people in our senior team. The committee reviews and monitors our reward practices so that they support our strategy and help us towards long term sustainable success.

The members of the Remuneration Committee are:
- Justin King (Committee Chair)
- Daniel Sasaki
- Vincent Casey

The committee normally invites the VP People to attend its meetings.

In 2024, the Committee reviewed the performance against the 2023 annual bonus metrics and set the bonus scheme financial gateway and the metrics on customer satisfaction and growth for 2024. The Committee also considered the Long Term Incentive Plan eligibility and the target award given to those people – based on seniority and their level of impact on OVO's success.

Risk Committee

The Risk Committee oversees risk management, including reviewing specific risks in depth to make sure risk is managed in the right way. It also reviews our systems of internal control, and makes sure we're complying with the laws and regulations for the sectors we operate in. The committee also oversees OVO's whistleblowing arrangements, where our team members and other stakeholders can confidentially raise concerns.

The members of the Risk Committee are:
- Jonson Cox (Committee Chair)
- David Buttress
- James Davies
- Lauren Lewis

The committee normally invites the General Counsel, Head of Risk and Internal Audit, and Head of Regulation and Policy to attend its meetings.

During 2024, the committee reviewed the risks identified by OVO's leadership team and their mitigation plans, considered improvements to the risk management framework, and reviewed OVO's principal risks and uncertainties. In particular, in 2024 the committee reviewed strategy risk, systems risk, information security risk, billing risks, regulatory compliance controls, and health and safety performance.

Directors' Report.

For the Year Ended 31 December 2024

The Directors present their report and audited consolidated financial statements for the year ended 31 December 2024. The Directors' report is the consolidated report covering OVO Group Ltd (the "Company") and its subsidiary undertakings included in the consolidation.

Directors

The Directors of the Company, who were in office during the year and up to the date of signing the financial statements, were:

- Justin King (appointed on 1 March 2024)
- Vincent Casey
- Kunal Dasgupta
- Stephen Fitzpatrick
- Go Muromoto
- Stephen Murphy (resigned on 1 March 2024)
- Daniel Sasaki

Principal activities

The principal activities of the Group are set out below:

- the procurement and supply of gas and electricity from the wholesale markets and renewable sources
- the installation, repair, and maintenance of boilers, and the provision of boiler and heating cover
- the installation of smart meters and the provision of related services
- the supply of products and services enabling decarbonisation
- the development of technology solutions to support the energy market

Dividends

Directors do not propose a dividend for the period.

Branches outside of the United Kingdom

Kaluza Ltd, which is a wholly owned subsidiary of the Group, has a branch, Kaluza Limited Sucursal em Portugal, located in Lisbon, Portugal, which provides engineering services to other Group companies.

Directors' liabilities

The Company purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors.

Disclosure of information to the auditors

Each Director has taken 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 auditors are aware of that information. Each Director confirms that there is no relevant information that they know of and of which they know the auditors are unaware.

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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 the Company, and of the profit or loss of the Group for that period.

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

- Select suitable accounting policies and then apply them consistently;
- State whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- Make judgements and accounting estimates that are reasonable and prudent; 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 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 also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions, and disclose with reasonable accuracy at any time the financial position of the Group and the Company, and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

Other statutory information

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Approved by the Board on 23 June 2025 and signed on its behalf by:

James Davies
Director

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Independent Auditors' Report

to the Members of OVO Group Ltd

Report on the audit of the financial statements

Opinion

In our opinion:

- OVO Group Ltd's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2024 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 31 December 2024; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity and the Consolidated Statement of Cash Flows for the years then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the group's and the company's ability to continue as a going concern.

The licensed entities of the group, being OVO Electricity Ltd and OVO Gas Ltd, both fall within the Intermediate Position under Ofgem's Capital Adequacy framework, which applied from 31 March 2025. As a result, the group has agreed a required capitalisation plan with Ofgem to improve its capital position within the going concern period. However, there is uncertainty around the timing and extent of the implementation of a capitalisation plan due to certain elements being outside the control of the group. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the company were unable to continue as a going concern.

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to Ofgem licence conditions, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries to manipulate the financial statements, and management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Discussions with management and in house legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;

- Review of Ofgem's website for details of any enforcement action or open investigations;
- Testing of tax balances, including consideration of any uncertain tax positions;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Identifying and, where applicable, testing journal entries that met our predefined risk criteria, in particular journal entries posted with unusual account combinations; and
- Incorporating an element of unpredictability to our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Other matter

The financial statements for the year ended 31 December 2023, forming the corresponding figures of the financial statements for the year ended 31 December 2024, are unaudited.

Mark Skedgel
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

24 June 2025

Consolidated Income Statement

for the Year Ended 31 December 2024

	Note	Underlying business performance 2024 £m	Exceptional items and certain re-measurements 2024[1] £m	Results for the year 2024 £m	Underlying business performance 2023 £m	Exceptional items and certain re-measurements 2023[1] £m	Results for the year 2023 £m
Revenue	4	**5,530**	**–**	**5,530**	8,796	(60)	8,736
Cost of sales		**(4,763)**	**42**	**(4,721)**	(7,735)	–	(7,735)
Gross profit		**767**	**42**	**809**	1,061	(60)	1,001
Administrative expenses		**(623)**	**(28)**	**(651)**	(736)	(43)	(779)
Net impairment losses of financial assets – customer debtors	5	**(207)**	**–**	**(207)**	(244)	–	(244)
Re-measurement of derivative energy contracts	22	**–**	**(61)**	**(61)**	–	1,086	1,086
Other operating income	6	**–**	**2**	**2**	5	52	57
Operating (loss)/profit	7	**(63)**	**(45)**	**(108)**	86	1,035	1,121
Finance income	9	**26**	**–**	**26**	29	–	29
Finance costs	9	**(85)**	**–**	**(85)**	(83)	–	(83)
Net finance costs	9	**(59)**	**–**	**(59)**	(54)	–	(54)
Share of net losses of associates accounted for using the equity method	17	**–**	**–**	**–**	(6)	–	(6)
(Loss)/profit before tax		**(122)**	**(45)**	**(167)**	26	1,035	1,061
Income tax credit/(expense)	13	**22**	**10**	**32**	(6)	(238)	(244)
(Loss)/profit for the year		**(100)**	**(35)**	**(135)**	20	797	817
(Loss)/profit attributable to:							
Owners of the Company		**(100)**	**(35)**	**(135)**	20	797	817
(Loss)/profit for the year		**(100)**	**(35)**	**(135)**	20	797	817

1 Refer to Note 8 for details of current and prior year exceptional items and certain re-measurements. The above results were derived from continuing operations.

The notes on pages 67 to 123 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

for the Year Ended 31 December 2024

	Note	2024 £m	2023 £m
(Loss)/profit for the year		**(135)**	817
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurements of defined benefit obligation	29	**1**	2
Total other comprehensive income		**1**	2
Total comprehensive (expense)/income for the year		**(134)**	819
Total comprehensive (expense)/income attributable to:			
Owners of the Company		**(134)**	819
		(134)	819

The notes on pages 67 to 123 form an integral part of these financial statements.

Consolidated and Company Statements of Financial Position

as at 31 December 2024

	Note	Group 2024 £m	Group 2023 £m	Company 2024 £m	Company 2023 £m
Assets					
Non-current assets					
Property, plant and equipment	14	**16**	18	**–**	–
Right-of-use assets	15	**18**	23	**–**	–
Intangible assets	16	**372**	431	**–**	5
Deferred tax assets	13	**235**	216	**–**	–
Investments in subsidiaries	17	**–**	–	**191**	196
Investments accounted for using the equity method	17	**–**	3	**–**	–
Investments		**–**	9	**–**	10
Defined benefit pension asset	29	**27**	26	**–**	–
Derivative financial instruments	22	**–**	10	**–**	–
Income tax asset		**–**	10	**–**	–
		668	746	**191**	211
Current assets					
Inventories	20	**21**	28	**–**	–
Trade and other receivables	21	**726**	789	**96**	85
Derivative financial instruments	22	**9**	60	**–**	–
Income tax asset		**19**	10	**–**	–
Cash and cash equivalents	23	**313**	572	**–**	12
		1,088	1,459	**96**	97
Assets classified as held for sale	19	**8**	–	**5**	–
Total assets		**1,764**	2,205	**292**	308
Liabilities					
Current liabilities					
Trade and other payables	24	**(939)**	(1,119)	**(1)**	(15)
Deferred income		**(776)**	(750)	**–**	–
Income tax liabilities		**–**	–	**–**	(1)
Loans and borrowings	25	**(182)**	–	**–**	–
Lease liabilities	26	**(7)**	(6)	**–**	–
Provisions	28	**(8)**	(27)	**–**	–
		(1,912)	(1,902)	**(1)**	(16)

Consolidated and Company Statements of Financial Position

as at 31 December 2024 (continued)

		Group		Company	
	Note	**2024 £m**	2023 £m	**2024 £m**	2023 £m
Non-current liabilities					
Trade and other payables	24	**(30)**	(46)	**–**	–
Deferred tax liabilities	13	**(2)**	(17)	**(1)**	–
Loans and borrowings	25	**(189)**	(475)	**–**	–
Provisions	28	**(39)**	(35)	**–**	–
Lease liabilities	26	**(25)**	(29)	**–**	–
		(285)	(602)	**(1)**	–
Total liabilities		**(2,197)**	(2,504)	**(2)**	(16)
Net (liabilities)/assets		**(433)**	(299)	**290**	292
Equity					
Share capital	30	**–**	–	**–**	–
Share premium	30	**133**	133	**133**	133
Other reserves	30	**1**	1	**81**	81
(Accumulated losses)/retained earnings		**(567)**	(433)	**76**	78
Total equity, attributable to owners of the parent		**(433)**	(299)	**290**	292

No income statement is presented for the Company as permitted by section 408 of the Companies Act 2006. The Company made a loss for the year of £2m (2023: profit of £3m).

The notes on pages 67 to 123 form an integral part of these financial statements.

The financial statements on pages 59 to 123 were approved by the Board on 23 June 2025 and signed on its behalf by:

James Davies
Director
OVO Group Ltd
Registered number: 08862063

Consolidated Statement of Changes in Equity

for the Year Ended 31 December 2024

	Share capital £m	Share premium £m	Other reserves £m	Accumulated losses £m	Total equity £m
At 1 January 2023	–	133	–	(1,252)	(1,119)
Profit for the year	–	–	–	817	817
Total other comprehensive income	–	–	–	2	2
Total comprehensive income	–	–	–	819	819
Share-based payment transactions	–	–	1	–	1
At 31 December 2023	–	133	1	(433)	(299)

	Share capital £m	**Share premium £m**	**Other reserves £m**	**Accumulated losses £m**	**Total equity £m**
At 1 January 2024	**–**	**133**	**1**	**(433)**	**(299)**
Loss for the year	**–**	**–**	**–**	**(135)**	**(135)**
Total other comprehensive income	**–**	**–**	**–**	**1**	**1**
Total comprehensive expense	**–**	**–**	**–**	**(134)**	**(134)**
At 31 December 2024	**–**	**133**	**1**	**(567)**	**(433)**

The notes on pages 67 to 123 form an integral part of these financial statements.

Company Statement of Changes in Equity

for the Year Ended 31 December 2024

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total equity £m
At 1 January 2023	–	133	80	75	288
Profit for the year	–	–	–	3	3
Total comprehensive income	–	–	–	3	3
Share-based payment transactions	–	–	1	–	1
At 31 December 2023	–	133	81	78	292

	Share capital £m	**Share premium £m**	**Other reserves £m**	**Retained earnings £m**	**Total equity £m**
At 1 January 2024	**–**	**133**	**81**	**78**	**292**
Loss for the year	**–**	**–**	**–**	**(2)**	**(2)**
Total comprehensive expense	**–**	**–**	**–**	**(2)**	**(2)**
At 31 December 2024	**–**	**133**	**81**	**76**	**290**

The notes on pages 67 to 123 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the Year Ended 31 December 2024

	Note	2024 £m	2023 £m
Cash flows from operating activities			
(Loss)/profit for the year		**(135)**	817
Adjustments for non-cash items			
Depreciation of property, plant and equipment	14	**4**	5
Depreciation and impairment of right-of-use assets	15	**11**	11
Amortisation of intangible assets	16	**94**	123
Defined benefit pension transactions		**–**	6
Finance income	9	**(26)**	(29)
Finance costs	9	**85**	83
Gain on disposal of businesses	6	**–**	(32)
Gain on disposal of investments in associates	6	**(2)**	(20)
Impairment of assets classified as held for sale	19	**7**	–
Income tax (credit)/expense	13	**(32)**	244
Research and development expenditure credit	6	**–**	(5)
Net loss/(gain) on derivative financial instruments at fair value through profit or loss	22	**61**	(1,086)
Share of net losses of associates accounted for using the equity method	17	**–**	6
Other movements		**–**	6
		67	129
Working capital adjustments			
Decrease in inventories		**7**	6
Decrease in trade and other receivables		**53**	480
Decrease in trade and other payables		**(197)**	(195)
Increase/(decrease) in deferred income		**26**	(156)
(Decrease)/increase in provisions		**(15)**	14
Cash (used in)/generated from operations		**(59)**	278
Income tax paid		**–**	(10)
Net cash flow (used in)/generated from operating activities		**(59)**	268

Consolidated Statement of Cash Flows

for the Year Ended 31 December 2024 (continued)

	Note	2024 £m	2023 £m
Cash flows from investing activities			
Interest received		**24**	21
Acquisition of subsidiary, net of cash acquired		**–**	(2)
Proceeds from the sale of business	18	**10**	22
Proceeds from the disposal of investments in associates	17	**2**	15
Proceeds from the sale of investments	17	**4**	–
Payments for property, plant and equipment		**(2)**	(15)
Payments for intangible assets		**(35)**	(67)
Payments for investments in associates accounted for using equity method		**–**	(3)
Net cash flow generated from/(used in) investing activities		**3**	(29)
Cash flows from financing activities			
Interest paid		**(34)**	(34)
Repayment of bank borrowing	25	**(155)**	(98)
Principal elements of lease payments	26	**(8)**	(9)
Net cash flow used in financing activities		**(197)**	(141)
Net (decrease)/increase in cash and cash equivalents		**(253)**	98
Cash and cash equivalents at 1 January		**572**	474
Cash and cash equivalents at 31 December[1]	23	**319**	572

1 Cash and cash equivalents as at 31 December 2024 include £160m (2023: £144m) restricted cash and £6m (2023: £nil) of cash and cash equivalents classified as assets held for sale. Refer to Note 23 Cash and cash equivalents for further details.

The notes on pages 67 to 123 form an integral part of these financial statements.

Notes to the Financial Statements

for the Year Ended 31 December 2024

1 General information

The Company is a private company limited by share capital, incorporated and domiciled in the United Kingdom. The nature of the Group's operations and principal activities are set out in the Directors' Report on page 52.

The address of its registered office and principal place of business is:

1 Rivergate
Temple Quay
Bristol
England
BS1 6ED
UK

These financial statements were authorised for issue by the Board on 23 June 2025.

2 Accounting policies

All accounting policies noted below relate to the Group and Company, except for those that explicitly state that they relate to the Group or Company only.

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

Group financial statements

The Group financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial statements have been prepared under the historical cost convention, except for the following:

- assets classified as held for sale – measured at the lower of carrying amount and fair value less costs to sell;
- financial assets and liabilities at fair value through profit or loss – measured at fair value through profit or loss; and
- defined benefit pension schemes – plan assets measured at fair value.

The preparation of financial statements in conformity with UK-adopted International Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

Company financial statements

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006 as applicable to companies using FRS 101.

In the Company financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Disclosures in respect of the compensation of key management personnel;
- Disclosures in respect of capital management; and
- Related party disclosures.

As the consolidated financial statements of the Group include the equivalent disclosures, the Company has also taken advantage of the exemptions, under FRS 101 in respect of certain disclosures required by IFRS 7 "Financial Instruments: Disclosures".

2 Accounting policies (continued)

No income statement is presented for the Company as permitted by section 408 of the Companies Act 2006. The Company made a loss for the year of £2m (2023: profit of £3m).

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Pounds Sterling (£), which is the Group's and Company's functional and presentation currency.

The financial statements are rounded to the nearest million (£m) except where otherwise stated.

Going concern

The financial statements have been prepared on the going concern basis as the Directors have assessed that there is a reasonable expectation that the Group and Company will be able to continue in operation and meet their commitments as they fall due over the going concern period, which the Directors have assessed to be the period up to 30 September 2026 (the going concern period).

The Group had net liabilities of £433m (2023: net liabilities of £299m) and net current liabilities of £816m (2023: net current liabilities of £443m), with £159m of unrestricted cash (2023: £428m) as at the balance sheet date.

The Group renewed its energy trading arrangements with its key supplier during the year, creating increased liquidity through enhanced payment terms over the forecast period. In addition, the Group has also repaid the term loan and second lien facilities of £182m in full and has secured a new £60m borrowing facility subsequent to the balance sheet date. These facilities will strengthen the Group's liquidity and capital position over the going concern period.

Looking ahead, the Directors have reviewed the financial forecast of the Group and Company, and have performed a going concern review considering both a base forecast and a severe but plausible downside scenario. The base forecast takes into account of the following key assumptions:

- Gross margin fluctuations over the forecast period taking into account forecast commodity prices and expected movements in the regulatory price cap;
- Lower expected credit losses as a result of the reopening of warranty activity and operational initiatives improving debt recoveries;
- Lower operating costs driven by business simplification offset by higher costs associated with higher customer acquisition activities;
- Lower customer numbers with customer churn offsetting growth due to anticipated market competition;
- The impact of ring-fencing of renewable obligation receipts;
- The impact of repayment of the term loan facilities and the revised energy trading arrangements; and
- The impact of the minimum capital requirements and other regulatory requirements such as maintaining adequate cash against customer credit balances.

The severe but plausible downside scenario included the impact of potential increased bad debt, increased customer churn and warmer weather. Under the forecasts (both base forecast and downside scenarios) the Group and Company have sufficient liquidity over the full going concern period and would be compliant with its financial covenants. The Directors have a range of mitigations within the Group's direct control to protect the Group's earnings and liquidity in the event of an unlikely more severe downside scenario. These mitigations include reduction and phasing of operational expenditures.

Notwithstanding that the Group and the Company is forecast to have sufficient liquidity over the going concern period, the licensed entities of the Group, being OVO Electricity Ltd and OVO Gas Ltd, both fall within the Intermediate Position under Ofgem's Capital Adequacy framework, which applied from 31 March 2025. As a result, the Group has agreed a required capitalisation plan with Ofgem to improve its capital position. However, there is uncertainty around the timing and extent of the implementation of a capitalisation plan of which certain elements are outside the control of the Group. This creates a material uncertainty which may cast significant doubt on the Group's and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and the Company were unable to continue as a going concern.

The Directors are confident the Group will be able to achieve full compliance with the minimum capital requirement and having made appropriate enquiries, including discussions with the regulator, consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The Group financial statements consolidate the Company and its subsidiary undertakings drawn up to 31 December 2024.

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

The results of subsidiaries acquired or disposed of during the year are included in the income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

Inter-company transactions, balances and unrealised gains on transactions between the Company and its subsidiaries, which are related parties, are eliminated in full.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholders' share of changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in accounting policy

New and amended standards adopted by the Group and Company

The Group and Company have applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2024:

- Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments," disclosures: supplier finance arrangements;
- Amendments to IAS 1 "Presentation of Financial Statements," classification of liabilities as current or non-current and non-current liabilities with covenants; and
- Amendments to IFRS 16 "Leases," lease liability in a sale and leaseback.

The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted

IFRS 18 "Presentation and Disclosure in Financial Statements" and IFRS 19 "Subsidiaries without Public Accountability: Disclosures"

During the year the International Accounting Standards Board (IASB) issued IFRS 18 Presentation and Disclosure in Financial Statements. IFRS 18 is effective for periods starting 1 January 2027 and have not yet been adopted by the UK Endorsement Board.

IFRS 18 replaces IAS 1 Presentation of Financial Statements and will introduce new requirements on presentation and disclosure in the financial statements, with a focus updates to the income statement. Items in the consolidated income statement will be classified into one of five categories and new specified total and subtotals will be presented.

IFRS 18 will also require disclosures about management-defined performance measures in the financial statements and provides enhanced guidance on the principles of aggregation and disaggregation. The Group is currently assessing the impact of IFRS 18.

IFRS 19 is a voluntary standard that allows eligible subsidiaries to prepare financial statements with reduced disclosure requirements. Whilst the Group is expected to be eligible no decision on whether to apply IFRS 19 has been taken. IFRS 18 and IFRS 19 are not expected to have a material impact on the Group's reported profits, losses or net assets or liabilities.

2 Accounting policies (continued)

Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" Contracts referencing nature-dependent electricity

The IASB has amended the "own use" and hedge accounting requirements of IFRS 9, and it has added targeted disclosure requirements to IFRS 7. These amendments apply only to contracts that expose an entity to variability in the underlying amount of electricity because the source of its generation depends on uncontrollable natural conditions (such as the weather). These are described as "contracts referencing nature-dependent electricity" and include power purchase arrangements (PPAs) utilised by the Group. These amendments clarify how entities should determine whether certain PPAs should be accounted for as "own use" contracts. Additional disclosure requirements will also apply to PPAs where the Group is required to take delivery of the electricity generated.

The Group is currently assessing the impact of these amendments which become effective on 1 January 2026.

Certain other amendments to accounting standards have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group. These amendments are not expected to have a material impact on the Group or Company in the current or future reporting periods and on foreseeable future transactions.

Government Support Schemes

In light of the cost of living crisis in recent years, the UK Government established the Energy Price Guarantee Scheme which formed part of the Government's cost of living assistance package for consumers from October 2022 to March 2023.

Energy Price Guarantee Scheme

The Energy Price Guarantee Scheme (EPG) protected consumers from increases in energy costs as the scheme limited the amount suppliers could charge per unit of energy used. The scheme reduced the average annual domestic household bill for the period from 1 October 2022 to 30 June 2023 to approximately £2,500 per annum. The scheme remained in place until April 2024. Energy suppliers were compensated by the Government for the savings delivered to households, which represented the difference between the expected price cap and the guarantee rates. Management determined it appropriate to apply the requirements of IAS 20 Government Grants to EPG grant income. The Group recognised EPG grant income over the support period as customers were charged reduced rates. The Group recognised EPG grant income to the extent there was reasonable assurance that the Group would comply with the scheme conditions which mainly related to the operating activities of the Group and that the income would be received. Non-compliance with the scheme conditions could result in the repayment of EPG grant income. The Group presented EPG grant income within revenue as it judged the income arose from the ordinary activities of the Group. During the year, the Group de-recognised previously accrued EPG grant income of £19m (2023: £2,151m of income recognised) as part of the finalisation process of the scheme.

Revenue

The principles in IFRS 15 are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

Transaction price
In determining the transaction price, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

(i) Variable consideration
If the consideration in a contract includes a variable amount, revenue is only recognised to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

(ii) Consideration payable to a customer
If the contract contains consideration payable to a customer, this is accounted for as a reduction of the transaction price.

Revenue recognition
The below sets out the revenue recognition accounting policies for each material revenue stream for the Group:

Sale of gas and electricity
The Group earns the majority of its revenue from the supply of electricity and gas to customers. Revenue is recognised "over time" consistent with the delivery of electricity and gas to the customer, as the receipt and consumption of the benefits of the electricity and gas is considered to be simultaneous. Further information is included in Note 3.

Revenue is measured on the applicable customer tariff rate and after deduction of discounts such as paperless billing, or government schemes such as the Warm Home Discount.

Installation and rental of meters
Installation and rental of meters predominantly relates to the provision of meter installation to meter asset providers. Revenue from the installation of meters is recognised at a point in time as the control of installed meters passes to the customers.

Sale of home and emergency cover
Revenue from the sale of home and emergency cover predominantly relates to the provision of boiler service and boiler and central heating cover. Boiler service contracts are entered into with home services customers by Corgi Homeplan Ltd. Boiler and central heating cover are insurance contracts entered into with home services customers by OVO Insurance Services Ltd., authorised and regulated by the Guernsey Financial Services Commission. Both companies are wholly-owned subsidiaries of the Group.

Boiler service contracts are typically fixed-fee contract for the provision of boiler service. Revenue arising from boiler service is recognised at a point in time when the service is performed.

Boiler and central heating covers protect policyholders against the risk of breakdowns. These covers generally include maintenance, repair and/or replacement of the items affected but the benefits available to customers may vary, depending on the terms and conditions of the contracts entered into. The Group is exposed to risk transferred under these contracts which depends on the occurrence of future uncertain events such as extreme weather events, the nature and frequency of faults, and the cost of repair or replacement of the items affected. Insurance risk is actively managed through customer risk assessment at contract inception and annual boiler service.

2 Accounting policies (continued)

The risk transferred under these contracts is not considered materially concentrated as the covers are sold to residential customers across the UK with small individual contract values. The Group regularly assesses insurance risk sensitivities such as frequency of claims and increases in fulfilment costs based on both historical and forward-looking information and a reasonable increase in these sensitivities would not have a material impact on the results of the Group.

The amount and timing of the Group's future cash flows arising from these contracts is uncertain and is also dependent on the terms and conditions entered into with the customers such as the items that are covered and the level of associated services that is agreed, the number of call-outs to carry out work, and limits on repairs and maintenance and/or replacement costs.

Revenue is recognised over the life of contracts (usually twelve months). Costs incurred to settle claims predominantly relate to the labour costs in servicing claims.

The below sets out the revenue and expenses relating to insurance contracts recognised in the financial statements.

	2024 £m	2023 £m
Revenue relating to insurance contracts	**47**	48
Expenses relating to insurance contracts	**(41)**	(40)

Accrued income and receivables
Accrued income is the right to consideration in exchange for goods or services provided to a customer. If the Group provides goods or services to a customer before the customer pays consideration or before payment is due, accrued income is recognised for the earned consideration that is conditional.

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

Contract liabilities
A contract liability is the obligation to provide goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group provides goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities, or deferred income, are recognised as revenue when the Group performs under the contract.

Net basis of measurement of contract balances
Accrued income and deferred income balances are determined for each contract on a net basis. This is because the rights and obligations within each contract are considered inter-dependent. Where two contracts are with the same or related entities, an assessment is made of whether accrued income and deferred income are inter-dependent and if so, contract balances are reported net.

Renewable obligation certificates (ROCs)
The Group participates in the Renewables Obligation (RO) scheme administered by Ofgem under which energy suppliers are required to fulfil their obligation by either presenting a specified number of ROCs in respect of each MWh of electricity supplied to customers or by making a payment to cover the shortfall.

Where the Group purchases and takes delivery of ROCs to meet its obligation under the scheme, the certificates are initially recognised at cost within inventories and are stated at the lower of cost and net realisable value. The costs of the certificates are recognised in cost of sales within the income statement when the obligation arises. The Group accrues for its obligation to deliver ROCs at the amount of the purchased ROCs with any estimated shortfall based on the relevant buy-out price at the reporting date.

Exceptional items and certain re-measurements

Exceptional items and certain re-measurements are those expenses or credits that are deemed unusual by nature and/or scale and of such significance that separate disclosure is required for the financial statements to be properly understood. Exceptional items and certain re-measurements include fair value (loss)/gain on derivative financial instruments.

The Group has undertaken a lengthy transformation programme which has spanned over more than a year. Transformation programmes are generally of an irregular nature as the incurrence of costs associated to them ceases when they are complete. The costs of these programmes are considered exceptional and may be reported in more than one year.

Finance income and costs

Interest income and expense is recognised in the income statement as it accrues, using the effective interest method.

Tax

The tax expense or credit for the year comprises current tax and deferred tax. Tax is recognised in the income statement, except that a charge (or credit) attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge or credit 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 Group operates and generates taxable income.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, the expected period of realisation and using tax rates enacted or substantively enacted at the reporting period end date. Deferred tax is not discounted.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Tax assets and tax liabilities are offset in the statement of financial position where they relate to taxes levied by the same tax authority and the same taxable entity or group and the entity has a legally enforceable right to set off.

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

2 Accounting policies (continued)

Depreciation
Depreciation is charged so as to write off the cost of assets, other than those under construction, over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold property	Period of the lease
Fixtures and fittings	3 years straight line
Miscellaneous equipment	5 years straight line
Office equipment	3 years straight line

Goodwill
Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Goodwill is not subject to amortisation but is tested for impairment.

Negative goodwill arising on an acquisition is recognised directly in the income statement. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement on disposal.

Intangible assets
Customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Computer software and licences acquired in a business combination are recognised at fair value at the acquisition date.

Acquired computer software and licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

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

Directly attributable costs that are capitalised as part of the software product include software development employee costs and an appropriate portion of relevant attributable overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Development costs previously recognised as an expense are not recognised as assets in subsequent periods.

Amortisation

Amortisation is provided on intangible assets, other than goodwill, so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Software and IT development costs	3 – 5 years straight line
Contractual customer relationships	Over the expected life of the contract
Trade name	4 – 10 years straight line
Other intangible assets	3 – 5 years straight line

Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Investments

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in the income statement, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described for non-financial assets.

The Company only policy is that investments in subsidiaries are carried at cost, less any impairment.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in the income statement. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This might mean that amounts previously recognised in other comprehensive income are reclassified to the income statement.

2 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents which are not available for use by the Group are presented as restricted cash.

Trade receivables

Trade receivables are predominantly amounts due from customers for the sale of electricity and gas or other services performed in the ordinary course of the Group's business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables do not carry any interest and are held at transaction price less an appropriate allowance for expected credit losses. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables and accrued income. Further detail on this model and application within these financial statements can be found within Note 3.

Inventories (excluding renewable obligation certificates)

Smart meters and related inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Provisions

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

Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Leases

Definition

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset (the underlying asset) for a period of time in exchange for consideration. Further, the contract must convey the right to the Group to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the Group has the right to:

- obtain substantially all the economic benefits from the use of the underlying asset, and;
- direct the use of the underlying asset (e.g. direct how and for what purpose the asset is used).

Initial recognition and measurement
The Group initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the Group's initial direct costs (e.g. commissions) and an estimate of restoration, removal and dismantling costs.

Subsequent measurement
After the commencement date, the Group measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are included in finance costs in the income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Property, Plant and Equipment. Adjustments are made to the carrying value of the right-of-use asset where the lease liability is re-measured in accordance with the above. Right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

Short term and low value leases
The Group has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e. short term leases).

The Group has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.

Lease payments on short term and low value leases are accounted for on a straight line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the income statement.

Financial instruments
Initial recognition
The Group recognises financial assets and financial liabilities in the statement of financial position when, and only when, the Group becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

2 Accounting policies (continued)

Classification and measurement
Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:

Financial assets are classified into one of the following three categories:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:

At 31 December 2024, the Group had no assets measured at FVOCI.

Financial assets at amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

If a financial asset meets the amortised cost criteria, the Group may choose to designate the financial asset as FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Financial assets at fair value through the profit or loss (FVTPL)
Financial assets not otherwise classified above are classified and measured as FVTPL. This classification includes derivative financial assets.

Financial liabilities
All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method. FVTPL classification includes derivative financial liabilities.

Impairment of financial assets
The Group applies the IFRS 9 expected credit loss model to financial assets measured at amortised cost. For trade receivables and accrued income, the Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance.

For other financial assets carried at amortised cost, the Group applies the 3-stage general impairment model and recognises either a lifetime expected credit loss or a 12-month expected credit loss depending on the Group's assessment of whether there has been a significant increase in the credit risk associated with the financial asset since initial recognition.

Commodity derivatives

Within its regular course of business, the Group routinely enters into sale and purchase transactions for physical delivery of electricity and gas. Where the contract was entered into and continues to be held for the purpose of meeting forecast customer usage, the contacts are designated as "own-use" contracts and are measured at cost. These contracts are not within the scope of IFRS 9.

Derivative commodity contracts which are not designated as own-use contracts are accounted for as trading derivatives and are recognised in the statement of financial position at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the income statement.

The percentage of contracts that are deemed to meet own-use criteria is considered to be an area of accounting judgement that significantly impacts the level of unrealised gains and losses on derivatives that are recognised in the financial statements.

Although the Group only enters into contracts based on expected volumes, the volumetric risk means that the Group often has to enter into offsetting sell trades to match actual demand. This constitutes net settling under IFRS 9 which requires such contracts to be treated as derivative financial instruments under IFRS 9 rather than falling within the "own-use" exemption. The Group therefore designates its contracts as either "own-use" or "trading" depending on the risk of them being net settled with only those contracts that are deemed to be highly probable of resulting in physical delivery being treated as own-use.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and the Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, contributions are paid to publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Defined benefit pension obligation

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset recognised in the statement of financial position in respect of defined benefit pension plan is the fair value of plan assets minus the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the income statement.

Employee benefits

The Group operates a flexible benefit scheme for qualifying employees whereby in addition to their salary, those employees are invited to select certain benefits with a value based on a percentage of their base pay. All costs related to the scheme are expensed in the income statement in the year which services are rendered by employees. One of the available benefits is payment to a defined contribution pension plan. This is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligations to pay further amounts. The Group has automatically enrolled employees in its pension scheme since November 2013.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3 Critical accounting judgements and key sources of estimation uncertainty

The key estimates and judgements made by the Directors in the preparation of the financial statements are in respect of revenue recognition, cost of sales, impairment of trade receivables, recognition of deferred tax assets and derivative financial instruments.

Revenue recognition – energy supplied but not yet measured (estimation uncertainty)
Revenue from energy supplied to OVO customers includes an estimate of the value of electricity or gas supplied to customers between the date of the latest meter reading and the financial year end.

This estimate comprises both billed revenue (trade receivables) and unbilled revenue (accrued income) and is calculated with reference to the tariffs and contractual rates applicable to customers against estimated customer consumption. Estimated customer consumption takes into account various factors including usage patterns, weather trends and notified aggregated volumes supplied to the customers from national settlements bodies.

At 31 December 2024, revenue arising from estimated consumption amounted to £1,029m (2023: £1,228m). The judgements applied, and the assumptions underpinning these judgements in arriving at this estimated amount, are considered to be appropriate. However, a change in these assumptions would have an impact on the amount of revenue recognised. Management believes that based on latest industry data the amount of revenue recognised could increase by up to £2m based on a reasonable change in the consumption assumed in reaching this estimate.

Cost of sales in relation to energy supply (estimation uncertainty)
The Group's cost of sales in relation to energy supply primarily comprise the cost of electricity and gas procured, the cost of transportation and distribution and other industry specific costs under Ofgem's environmental and social schemes. These costs are linked to the amount of energy supplied by the Group which often take a significant time to be finalised as part of the industry reconciliation process. As a result, these costs are estimated at period end and are subject to estimation uncertainty around volumes supplied.

At 31 December 2024, cost of sales arising from estimation amounted to £731m (2023: £506m). The judgements applied, and the assumptions underpinning these judgements in arriving at this estimated amount, are considered to be appropriate. However, a change in these assumptions would have an impact on the amount of costs recognised. Management believes that based on latest industry data the amount of cost of sales recognised could increase by up to £2m based on a reasonable change in the consumption assumed in reaching this estimate.

Derivative financial instruments (accounting judgement)
The Group classifies derivative energy contracts as "own-use" in accordance with the Group's expected sale, purchase or usage requirements. The percentage of contracts that are deemed to meet "own-use" criteria is considered to be an area of accounting judgement that significantly impacts the level of unrealised gains and losses on derivatives that are recognised in the financial statements.

Although the Group only enters into contracts based on expected volumes, the volumetric risk means that the Group often has to enter into offsetting sell trades to match actual demand. This constitutes net settling under IFRS 9 which requires such contracts to be treated as derivative financial instruments under IFRS 9 rather than falling within the "own-use" exemption. The Group therefore designates its contracts as either "own-use"' or "trading" depending on the risk of them being net settled, with only those contracts that are deemed to be highly probable of resulting in physical delivery being treated as own-use. The percentage of contracts is calculated based on the Group's forecast customer demand adjusted for weather impacts and is therefore by nature judgemental.

At 31 December 2024, the Group has £9m (2023: £70m) of derivative energy contracts that are not designated as own-use contracts and are measured at fair value through profit or loss. Refer to Note 33 Financial risk management for sensitivity analysis.

Impairment of trade receivables (estimation uncertainty)
Impairments against trade receivables are recognised where loss is expected. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables and accrued income. For energy customers, the impairment is calculated by splitting the portfolio into segments and the Directors have based their assessment of the level of impairment on collection rates experienced within each segment to date. The estimates and assumptions used to determine the level of provision will continue to be reviewed periodically and could lead to changes in the impairment provision methodology which would impact the income statement in future years.

The assumption that future performance of customer debt settlement will be reflective of past performance is the most significant assumption within the expected credit loss provisioning model. To address this risk, the Group reviews the provision rates for each segment on a regular basis to ensure they include the most up to date assumptions and use forward looking information. The Group has considered the impact of the underlying provision rates worsening by 10%. This would lead to a £60m increase in the expected credit loss provision in 2024.

Deferred tax assets (accounting judgement and estimation uncertainty)
Deferred tax assets have been recognised in respect of UK tax losses and other temporary differences giving rise to deferred tax assets where the Directors believe it is probable that these assets will be recovered, i.e. that future taxable amounts (e.g. taxable profits) will be available to utilise those temporary differences and losses. The carrying amount of the deferred tax assets are reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered. The recoverability of deferred tax assets relating to losses is based on forecasts of future taxable profits which are, by their nature, uncertain.

The Group prepares medium term forecasts based on Board-approved budgets. These are used to support judgements made in the preparation of the Group's financial statements including the recognition of deferred tax assets.

Having assessed the level of profits made by the Group since the year end and forecasts of revenue and costs for the coming years, the Directors believe it is probable that the Group will generate sustainable profits and therefore a deferred tax asset has been recognised. Deferred tax assets of £198m in respect of UK tax losses are expected to be utilised over the next eight to twelve years.

The Group remains exposed to the risk of changes in law that impact the Group's ability to carry forward and utilise tax attributes recognised as deferred tax assets.

4 Revenue

Analysis of revenue

The analysis of the Group's revenue for the year from continuing operations is set out below:

	2024 £m	2023 £m
Sale of gas and electricity	**5,339**	6,387
Government grants – Energy Price Guarantee Scheme	**(19)**	2,151
Government grants – Crowdflex trial	**2**	–
Installation and rental of meters	**93**	106
Sale of home and emergency cover and related services	**60**	61
Other revenue	**55**	31
	5,530	8,736

The Group has de-recognised grant income of £19m (2023: recognised income of £2,151m) in the year which represents the revision of the estimated amount of support delivered to households and compensated by the Government under the Energy Price Guarantee Scheme (EPG). During the year the Group recognised £2m of grant income related to its participation in the Crowdflex trial managed by the National Energy System Operator.

All revenue was generated within the UK in the current and prior year.

Other revenue mainly consists of sale of energy efficiency solutions services of £12m (2023: £12m), sale of renewable certificates of £15m (2023: £nil), sale of zero carbon living offerings of £6m (2023: £2m), boiler installation services of £4m (2023: £5m), Software-as-a-Service professional services of £5m (2023: £4m) and other miscellaneous income totalling £13m (2023: £8m).

Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	Group		
	31 December 2024 £m	31 December 2023 £m	1 January 2023 £m
Assets related to contracts with customers			
Trade receivables	**1,008**	911	679
Accrued income	**174**	192	370
Provision for impairment of trade receivables and accrued income	**(652)**	(510)	(329)
Total current assets related to contracts with customers	**530**	593	720
Contract liabilities			
Deferred income	**(776)**	(750)	(906)
Total current contract liabilities	**(776)**	(750)	(906)

All deferred income recognised as of 31 December 2023 has been recognised in revenue in the current year and the balance at 31 December 2024 is expected to be fully recognised in the financial year ended 31 December 2025.

Net trade receivables and accrued income decreased in 2024 due to an increase in expected credit loss allowance as a result of the continued suspension of warrant activity increasing the impairment risk on aged debts and increased coverage for unbilled and pay as you go debts. Refer to Note 33 for further details on impairment losses of financial assets.

5 Net impairment losses of financial assets – customer debtors

The analysis of the Group's net impairment losses of financial assets for the year is as follows:

	2024 £m	2023 £m
Impairment losses of trade receivables and accrued income	**207**	247
Reversal of previously recognised impairment losses	**–**	(3)
Net impairment losses of financial assets – customer debtors	**207**	244

Refer to Note 33 for further details on impairment losses of financial assets.

6 Other operating income

The analysis of the Group's other operating income for the year is as follows:

	2024 £m	2023 £m
Gain on disposal of investments in associates	**2**	20
Gain on disposal of businesses	**–**	32
Research and development expenditure credit	**–**	5
	2	57

Gain on disposal of investments in associates includes gain on sale of the Group's ownership interest in OVO Energy Pty. Ltd to AGL Electricity (VIC) Pty Limited of £2m (2023: partial disposal of the Group's ownership interest in Indra Renewable Technologies Limited of £20m). Gain on disposal of businesses in the prior year consists of gain on disposal of the heritage meter portfolio of £32m. Refer to Note 18 for further details on disposals.

7 Operating (loss)/profit

Arrived at after charging/(crediting):

	2024 £m	2023 £m
Net impairment losses of financial assets – customer debtors	**207**	244
Depreciation expense – property, plant and equipment	**4**	5
Depreciation expense – right-of-use assets	**7**	11
Impairment – right-of-use assets	**4**	–
Amortisation – intangible assets	**94**	123
Renewable obligation certificates	**355**	321
Government grants – Energy Price Guarantee Scheme	**19**	(2,151)
Government grants – Crowdflex trial	**(2)**	–

8 Exceptional items and certain re-measurements

	2024 £m	2023 £m
Integration	**12**	99
Group reorganisation – Release of brand royalties payable	**(42)**	–
Group reorganisation – Other	**9**	4
Gain on disposal of investments in associates	**(2)**	(20)
Gain on disposal of businesses	**–**	(32)
Impairment of assets classified as held for sale	**7**	–
Re-measurement of derivative energy contracts	**61**	(1,086)
Exceptional items and certain re-measurements included within Group operating (loss)/profit	**45**	(1,035)
Net taxation on exceptional items and certain re-measurements	**(10)**	238

Group reorganisation and integration are part of a group wide programme which was initiated following the SSE acquisition and is therefore considered non-recurring after the programme is complete. These costs cross more than one accounting period as the programme spans over more than a year. The programme was completed in 2024 and no further related costs are expected to be incurred.

Integration

The Group continued to engage in activities to integrate SSE operations and systems into OVO throughout the year, following the acquisition of OVO (S) Energy Services Limited Group (SSE) in 2020. The majority of the costs within integration are associated with staff personnel and professional services supporting customer migration from the SSE legacy customer operating platform to a new platform, and integrating and simplifying the SSE legacy technology estate within the Group. The total costs incurred in relation to integration activities during the year were £12m (2023: £39m).

During the prior year, the Group changed its accounting estimate for unbilled and billed revenue in relation to customers migrated from the SSE legacy customer operating platform to the new platform, resulting in a de-recognition of energy supply revenue of £60m. The Group's energy supply revenue includes an estimate of consumption between meter reads. Through customer migration, the Group identified historical system issues which resulted in estimates of customers' consumption being recalibrated. This meant that revenue previously recognised (though not billed to customers) was not recoverable, leading to a re-estimate of unbilled and billed revenue in the year. The de-recognition of unbilled and billed revenue was treated as exceptional as the underlying issues resulting in the de-recognition were attributed to customer migration.

Group reorganisation

The Group continued its restructuring programme throughout the year which was initiated following the acquisition of SSE in 2020. The majority of the costs within group reorganisation relate to redundancy costs being recognised in relation to both incurred and expected future severance costs.

The Group has a trademark licence agreement with Imagination Industries Ltd for use of the OVO trademarks for brand royalties. In December 2024, the Group began steps to bring the ownership of the OVO brand into the Group and as part of which, brand royalties payable to Imagination Industries Ltd greater than £30m were forgiven. This resulted in a one off gain of £42m recognised in the year.

Gain on disposal of investments in associates

Gain on disposal of investments in associates includes the gain on disposal of the Group's stake in OVO Energy Pty. Ltd of £2m (2023: partial disposal of the Group's stake in Indra Renewable Technologies Limited of £20m). Refer to Note 17 for further details.

Gain on disposal of businesses

Gain on disposal of businesses in the prior year consists of gain on disposal of the heritage meter portfolio of £32m. Refer to Note 18 Disposals for further details.

Impairment of assets classified as held for sale

Impairment of assets classified as held for sale consists of the impairment in relation to Intelligent Energy Technology Ltd. Refer to Note 19 for further details.

Re-measurement of derivative energy contracts

Energy contracts that are not designated as "own-use" contracts constitute financial instruments under IFRS 9 and are carried at fair value through profit or loss. Re-measurement of derivative energy contracts has resulted in a net loss of £61m (2023: gain of £1.1bn). The significant gain in the prior year relates to the unwind of the derivative financial liabilities at 31 December 2022 as the majority of the related contracts were utilised in the prior year.

Income statement classification

The £42m gain on reduction in the brand royalties payable is recognised within costs of sales to align to the presentation of the expense. The £60m de-recognition of unbilled and billed revenue as a result of a change in estimate in the prior year was recognised in revenue. The £61m loss arising from the re-measurement of derivative energy contracts is recognised in re-measurement of derivative energy contracts (2023: £1.1bn gain). The gain on disposals of investments in associates and businesses of £2m is recognised in other operating income (2023: £52m). The remaining total of £28m exceptional costs is recognised in administrative expenses (2023: £43m).

Adjusted performance measures

Management reports adjusted performance measures in the financial statements as management considers they provide additional useful information on business performance and underlying trends. They are also the primary measure management uses to monitor performance internally and are also reported to our lenders as part of covenants reporting.

Adjusted performance measures are non-GAAP measures and are not defined by IFRS. The presentation of alternative performance measures is a judgement and policy choice made by management and, therefore, not comparable.

Adjusted EBITDA is defined as operating (loss)/profit, after adjusting for depreciation, amortisation, impairment and exceptional items and certain re-measurements including fair value (loss)/gain on derivative financial instruments. Adjusted operating (loss)/profit is defined as operating (loss)/profit, after adjusting for exceptional items and certain re-measurements including fair value (loss)/gain on derivative financial instruments. Adjusted (loss)/profit before tax is defined as (loss)/profit before tax, after adjusting for exceptional items and certain re-measurements including fair value (loss)/gain on derivative financial instruments.

A reconciliation of the adjusted performance measures to statutory (loss)/profit is shown below.

	2024 £m	2023 £m
Statutory (loss)/profit for the year	**(135)**	817
Add: Income tax (credit)/expense	**(32)**	244
(Loss)/profit before tax	**(167)**	1,061
Add: Exceptional items and certain re-measurements	**45**	(1,035)
Adjusted (loss)/profit before tax	**(122)**	26
Add: Net finance costs	**59**	54
Add: Share of net losses of associates accounted for using equity method	**–**	6
Adjusted operating (loss)/profit	**(63)**	86
Add: Depreciation of property, plant and equipment and right-of-use assets	**11**	16
Add: Amortisation and impairment of intangible assets	**94**	123
Adjusted EBITDA	**42**	225

9 Finance income and costs

	2024 £m	2023 £m
Finance income		
Interest income on bank deposits	**25**	28
Interest income on defined benefit pension scheme	**1**	1
Total finance income	**26**	29
Finance costs		
Interest and finance charges paid or payable for loans and borrowings	**(82)**	(80)
Interest expense on leases	**(3)**	(3)
Total finance costs	**(85)**	(83)
Net finance costs	**(59)**	(54)

10 Staff costs

Group:
The aggregate payroll costs (including Directors' remuneration) are as follows:

	2024 £m	2023 £m
Wages and salaries	**260**	261
Social security costs	**27**	27
Pension costs – defined contribution scheme	**13**	14
Pension costs – defined benefit scheme	**1**	8
Capitalised staff costs	**(26)**	(42)
Staff costs recognised in the income statement	**275**	268

Capitalised staff costs are included in software and IT development costs within intangible assets.

Company:
No employees are directly employed by OVO Group Ltd. No payroll costs are included in the Company financial statements during the year (2023: £nil).

Group:
The monthly average number of persons employed (including Directors) during the year, analysed by category is as follows:

	2024 No.	2023 No.
People & operations	**3,030**	3,197
Technology & business change	**994**	798
Commercial & finance	**950**	933
Group	**85**	81
	5,059	5,009

11 Directors' remuneration

The Directors' remuneration for the year is as follows:

	2024 £'000	2023 £'000
Remuneration	**970**	818
Contributions paid to defined benefit pension scheme	**–**	4
	970	822

In respect of the highest paid Director:

	2024 £'000	2023 £'000
Remuneration	**761**	701
Contributions paid to defined benefit pension scheme	**–**	4
	761	705

Retirement benefits were accruing to one of the Directors. The number of Directors in respect of whose qualifying services shares were received or receivable under long-term incentive schemes is one (2023: nil). No shares were received or receivable in the year by the highest-paid Director in respect of qualifying services under the Group's long-term incentive scheme (2023: nil). Total aggregate share-based payments recognised in the year in respect of the Directors' qualifying services is £8,000 (2023: £7,000).

12 Auditors' remuneration

	2024 £'000	2023 £'000
Audit of Company	**234**	203
Audit of subsidiaries	**714**	666
Total audit fees	**948**	869
Other non-audit services	**–**	94
Total auditors' remuneration	**948**	963

The Group bears the costs of audit of the OVO Energy Group of the Electricity Supply Pension Scheme (ESPS) which amounted to £21,000 for the year ended 31 December 2024 (2023: £18,000). Other non-audit services include limited assurance over selected sustainability information reported in the 2023 Annual Report of Energy Transition Holdings Ltd.

13 Income tax (credit)/expense

Tax (credited)/charged in the consolidated income statement:

	2024 £m	2023 £m
Current taxation		
Current taxation	**2**	2
Adjustment in respect of prior periods	**–**	1
Total current taxation	**2**	3
Deferred taxation		
Arising from origination and reversal of temporary differences	**(37)**	245
Adjustment in respect of prior periods	**3**	(4)
Total deferred taxation	**(34)**	241
Tax (credit)/expense in the income statement	**(32)**	244

The tax on (loss)/profit before tax for the current year is higher than (2023: lower than) the standard rate of corporation tax in the UK of 25% (2023: 23.5%).

The differences are reconciled below:

	2024 £m	2023 £m
(Loss)/profit before tax	**(167)**	1,061
Corporation tax at standard rate	**(42)**	249
Effect of expenses not deductible in determining taxable profit or tax loss	**2**	3
Adjustment in respect of prior periods	**3**	(3)
Deferred tax not recognised for the year	**3**	–
Increase from disposal of subsidiaries	**2**	–
Effect of revenues exempt from taxation	**–**	(5)
Total tax (credit)/charge	**(32)**	244

Deferred tax

Group

Deferred tax movement during the year:

	At 1 January 2024 £m	Recognised in income £m	At 31 December 2024 £m
Accelerated tax depreciation	40	(2)	**38**
Provisions	1	(1)	**–**
Revaluation of intangible assets	(45)	13	**(32)**
Tax losses carry-forwards	189	9	**198**
Pension benefit obligations	(6)	–	**(6)**
Derivatives	(17)	15	**(2)**
Corporate interest restriction carried forward	31	5	**36**
Other items	6	(5)	**1**
Net tax assets/(liabilities)	**199**	**34**	**233**

Deferred tax movement during the prior year:

	At 1 January 2023 £m	Recognised in income £m	Recognised on business combinations £m	At 31 December 2023 £m
Accelerated tax depreciation	46	(6)	–	40
Provisions	1	–	–	1
Intangible asset timing differences	(56)	12	(1)	(45)
Tax losses carry-forwards	188	–	1	189
Pension benefit obligations	(7)	1	–	(6)
Derivatives	238	(255)	–	(17)
Corporate interest restriction carried forward	30	1	–	31
Other items	–	6	–	6
Net tax assets/(liabilities)	440	(241)	–	199

Other items relate to amounts deductible on a paid basis.

Deferred tax assets have been recognised in respect of carried forward tax losses on the basis that there will be future profits available against which to offset them. There are no time limits on the recovery of such losses. Refer to Note 3, critical accounting judgements, for further discussion on the basis for recognition of deferred tax assets.

A deferred tax liability of £2m (2023: liability of £17m) is recognised in respect of the re-measurement gain on derivative energy commodity contracts which is not taxable in the year. This deferred tax liability will be reversed when the relevant contracts unwind in future periods and is presented separately from the other net deferred tax assets of £235m (2023: £216m) on the statement of financial position.

Deferred tax of £23m (£92m gross) (2023: £22m) has not been recognised in relation to an element of UK tax losses for which it is not considered probable that the losses will be utilised based on assessment of available evidence.

In December 2021, the OECD released a framework for Pillar Two model rules which introduced a global minimum corporate tax rate of 15% for large multinational groups. The UK Government enacted legislation on 11 July 2023 to implement the global minimum tax rules and a UK domestic minimum tax. The Group is within the scope of these rules for the current year. The Pillar Two Effective Tax Rate (ETR) is calculated for each jurisdiction in which the Group operates and Top Up Tax can arise when the Pillar Two ETR is less than 15%. Top Up Taxes could be payable in the UK, or the local jurisdiction if it has introduced a Qualifying Domestic Minimum top-up Tax.

The Group has reviewed the published guidance and the transitional safe harbour rules and there is no material impact to the Group's tax charge in respect of the current year.

The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

14 Property, plant and equipment

Group

	Leasehold property £m	Fixtures and fittings £m	Office equipment £m	Miscellaneous equipment £m	**Total £m**
Cost					
At 1 January 2023	12	2	8	1	23
Additions	7	–	3	5	15
Disposals	–	(1)	(3)	–	(4)
At 31 December 2023	19	1	8	6	**34**
Additions	–	–	2	–	**2**
Disposals	(1)	(1)	(3)	–	**(5)**
Transfers	(2)	2	–	–	**–**
At 31 December 2024	**16**	**2**	**7**	**6**	**31**
Accumulated depreciation					
At 1 January 2023	8	2	4	1	15
Charge for the year	1	–	3	1	5
Eliminated on disposals	–	(1)	(3)	–	(4)
At 31 December 2023	9	1	4	2	**16**
Charge for the year	–	1	2	1	**4**
Eliminated on disposals	(1)	(1)	(3)	–	**(5)**
At 31 December 2024	**8**	**1**	**3**	**3**	**15**
Carrying amount					
At 31 December 2024	**8**	**1**	**4**	**3**	**16**
At 31 December 2023	10	–	4	4	18
At 1 January 2023	4	–	4	–	8

The depreciation charge of £4m (2023: £5m) is recognised in administrative expenses. There are no contractual commitments for the acquisition of property, plant and equipment as at the balance sheet date (2023: £nil).

15 Right-of-use assets

Group

	Property £m	Fleet £m	**Total £m**
Cost			
At 1 January 2023	58	28	86
Additions	–	1	1
Disposals	(16)	(22)	(38)
Modifications	–	1	1
At 31 December 2023	42	8	**50**
Additions	–	5	**5**
Disposals	–	(1)	**(1)**
Modifications	–	1	**1**
At 31 December 2024	**42**	**13**	**55**
Accumulated depreciation			
At 1 January 2023	33	15	48
Charge for the year	6	5	11
Eliminated on disposals	(16)	(16)	(32)
At 31 December 2023	23	4	**27**
Charge for the year	3	4	**7**
Impairment	4	–	**4**
Eliminated on disposals	–	(1)	**(1)**
At 31 December 2024	**30**	**7**	**37**
Carrying amount			
At 31 December 2024	**12**	**6**	**18**
At 31 December 2023	19	4	23
At 1 January 2023	25	13	38

Depreciation charge of £7m (2023: £11m) and impairment of £4m (2023: £nil) are recognised in administrative expenses.

16 Intangible assets

Group

	Goodwill £m	Contractual customer relationships £m	Software and IT development costs £m	Trade name £m	Other intangible assets £m	**Total £m**
Cost						
At 1 January 2023	153	321	231	51	7	763
Additions	–	–	67	–	–	67
Acquired through business combinations	1	1	3	–	–	5
Disposals	–	–	(82)	–	–	(82)
At 31 December 2023	154	322	219	51	7	**753**
Additions	–	–	35	–	–	**35**
Disposals	(3)	(22)	(23)	–	–	**(48)**
At 31 December 2024	**151**	**300**	**231**	**51**	**7**	**740**
Accumulated amortisation						
At 1 January 2023	3	148	89	36	5	281
Amortisation charge	–	44	67	12	–	123
Eliminated on disposals	–	–	(82)	–	–	(82)
At 31 December 2023	3	192	74	48	5	**322**
Amortisation charge	–	33	59	1	1	**94**
Eliminated on disposals	(3)	(22)	(23)	–	–	**(48)**
At 31 December 2024	**–**	**203**	**110**	**49**	**6**	**368**
Carrying amount						
At 31 December 2024	**151**	**97**	**121**	**2**	**1**	**372**
At 31 December 2023	151	130	145	3	2	431
At 1 January 2023	150	173	142	15	2	482

Amortisation charge of £94m (2023: £123m) is recognised in administrative expenses.

Included within the carrying amount of the Software and IT development costs of £121m (2023: £145m) are intangible assets under construction of £7m (2023: £40m), which are not subject to amortisation. Carrying value of development costs associated with the Kaluza platform included in Software and IT development is £64m (2023: £86m). The remaining amortisation period of the Kaluza platform is between one and five years (2023: two and five years). Contractual customer relationships include customer relationships acquired from SSE with a carrying value of £89m (2023: £122m). The remaining amortisation period is between two and three years (2023: two and five years).

Company

	Software and IT development costs £m	Total £m
Cost		
At 1 January 2023	5	5
At 31 December 2023	5	**5**
Disposals	(5)	**(5)**
At 31 December 2024	**–**	**–**
Accumulated depreciation		
At 1 January 2023	–	–
At 31 December 2023	–	**–**
Charge for the year	5	**5**
Eliminated on disposals	(5)	**(5)**
At 31 December 2024	**–**	**–**
Carrying amount		
At 31 December 2024	**–**	**–**
At 31 December 2023	5	5
At 1 January 2023	5	5

16 Intangible assets (continued)

Impairment assessment

At each reporting period end date, an annual impairment test for goodwill and intangibles not yet ready for use is undertaken. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash-generating units) and the carrying value of the cash-generating units is compared to their recoverable amount. Where the recoverable amount is less than the carrying value, an impairment occurs. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. As disclosed in Note 19 an impairment has been recognised in relation to disposal groups classified as held for sale. The expected net realisable value of the disposal group is lower than the carrying value of the assets classified as held for sale and the impairment is recognised to reflect this shortfall. During the year an impairment of £4m (2023: £nil) was identified in relation to right-of-use assets as part of the Group's integration activities. There has been no indication that other non-financial assets might be impaired.

The recoverable amount of the CGUs has been determined using a value in use calculation in line with IAS 36. The methodology applied to the value in use calculation reflects past experience and external sources of information. Pre-tax cash flows used in the value in use calculations are derived from the Group's board-approved budget for 2025 and five-year forecast. Long term growth rates have been used in the extrapolation of cash flow projections beyond the five-year forecast period and are determined with reference to publicly available historical data and long term growth rate forecasts from external sources, adjusted for management assumptions where appropriate. Cash flows are discounted at a pre-tax rate that reflects both current market assessments of the time value of money and the risks specific to the CGUs. Discount rates are based on the estimated weighted average cost of capital of each CGU, adjusted to reflect the impact of tax to derive a pre-tax discount rate. Inflation rates used in the forecast are based on publicly available inflation forecasts, adjusted for management assumptions where appropriate.

The Group considers UK Retail Energy, Home Services and Kaluza to be separate CGUs. There is no goodwill associated with Kaluza and the carrying value of its other long lived assets are comfortably supported by the implied valuation of the business from the recent transaction with AGL (see Note 36) and hence no further impairment assessment has been performed. The key assumptions used in the value in use calculations for impairment assessment for the other two CGUs are set out below:

	UK Retail Energy	Home Services
Goodwill allocated to CGU	**£114m** (2023: £114m)	**£37m** (2023: £37m)
Assumptions		
Revenue	Existing customers adjusted for growth forecast based on customer acquisition activity and the current and anticipated market conditions. Gas and electricity revenue based on forward market prices and price caps.	
Gross margin	Gross margins achieved in latest periods adjusted for current market conditions and the impact of expected regulatory changes on cost of goods.	
Operating costs	Payroll costs based on projected headcount and inflation expectations. Sales & marketing and customer acquisition costs in line with the Group's growth plan. Credit losses based on historical assumptions updated for current market conditions and growth assumptions on revenue and customers.	
Growth rate to perpetuity	**0%** (2023: 0%)	**0%** (2023: 0%)
Pre-tax discount rate	**16%** (2023: 16%)	**16%** (2023: 16%)

This testing did not identify any instances where the carrying value was in excess of the recoverable amount and, therefore, no impairment charge for the CGUs has been recorded. No reasonable possible change in any of the above assumptions would result in the elimination of the recoverable amount headroom over the assets carrying values.

17 Investments

Group subsidiaries

Details of the Group subsidiaries as at 31 December 2024 and 31 December 2023 are as follows:

Name of subsidiary	Principal activity	Registered office/Country of incorporation	Proportion of ownership interest and voting rights held	
			2024	2023
OVO Holdings Ltd*	Holding company	1 Rivergate Temple Quay, Bristol, England, BS1 6ED, UK	**100%**	100%
OVO Finance Ltd	Holding company	1 Rivergate Temple Quay, Bristol, England, BS1 6ED, UK	**100%**	100%
OVO Energy Ltd	Sale of electricity and gas to customers in the UK	1 Rivergate Temple Quay, Bristol, England, BS1 6ED, UK	**100%**	100%
OVO Electricity Ltd	Electricity supply licence holder and sale of services associated with the supply of electricity to other OVO group companies	1 Rivergate Temple Quay, Bristol, England, BS1 6ED, UK	**100%**	100%
OVO Gas Ltd	Gas supply licence holder and sale of services associated with the supply of gas to other OVO group companies	1 Rivergate Temple Quay, Bristol, England, BS1 6ED, UK	**100%**	100%
Spark Gas Shipping Ltd	Non-trading company	1 Rivergate Temple Quay, Bristol, England, BS1 6ED, UK	**100%**	100%
Kaluza Holdings 1 Ltd	Holding company	1 Rivergate Temple Quay, Bristol, England, BS1 6ED, UK	**100%**	0%
Kaluza Holdings 2 Ltd	Holding company	1 Rivergate Temple Quay, Bristol, England, BS1 6ED, UK	**100%**	0%
Kaluza Ltd	Development of intelligent energy platform	69 Notting Hill Gate, London, England, W11 3JS, UK	**84.79%/100%**	86.41%/100%
Kaluza (US) LLC	Management services	Capitol Services, Inc, 1675 South State St., Suite B, Dover, DE 19901, Kent County, USA	**100%**	100%
Kaluza Pty Ltd	Engineering services	Tower Five, Collins Square, Level 22, 727 Collins Street, Docklands, VIC 3008, Australia	**100%**	100%
OVO Field Force Ltd	Non-trading company	1 Rivergate Temple Quay, Bristol, England, BS1 6ED, UK	**100%**	100%
Corgi Homeplan Ltd	Sale of boiler, central heating and electrical wiring services and breakdown cover	Cadworks, 41 West Campbell Street, Glasgow, Scotland, G2 6SE, UK	**100%**	100%
Kantan Ltd.*	Development of software application	9 Pembridge Road, London, England, W11 3JY, UK	**91.84%/100%**	91.84%/100%
Intelligent Energy Technology Ltd*	Holding company	1 Rivergate Temple Quay, Bristol, England, BS1 6ED, UK	**100%**	100%
OVO Insurance Services Ltd.	Insurance services	PO Box 155, Mill Court, La Charroterie, St Peter Port, Guernsey, GY1 4ET	**100%**	100%
OVO Energy Spain SL*	Dissolved	C. Muntaner 328 Entresuelo 1a, 08021 Barcelona, Spain	**0%**	100%

17 Investments (continued)

Name of subsidiary	Principal activity	Registered office/Country of incorporation	Proportion of ownership interest and voting rights held	
			2024	2023
OVO Energy Germany GmbH*	Dormant	CO23 Berlin UG, Stresemannstr. 23, 10963 Berlin, Germany	**100%**	100%
OVO (S) Energy Services Limited	Intermediate holding company	1 Rivergate Temple Quay, Bristol, England, BS1 6ED, UK	**100%**	100%
OVO (S) Electricity Limited	Dormant	1 Rivergate Temple Quay, Bristol, England, BS1 6ED, UK	**100%**	100%
OVO (S) Gas Limited	Sale of products and services enabling decarbonisation	1 Rivergate Temple Quay, Bristol, England, BS1 6ED, UK	**100%**	100%
OVO (S) Energy Solutions Limited	Installation of energy efficiency measures in domestic properties	Cadworks, 41 West Campbell Street, Glasgow, Scotland, G2 6SE, UK	**100%**	100%
OVO (S) Home Services Limited	Dissolved	Cadworks, 41 West Campbell Street, Glasgow, Scotland, G2 6SE, UK	**0%**	100%
Bonnet Ltd	Development of software application	1 Rivergate, Temple Quay, Bristol, England, BS1 6ED, UK	**100%**	100%

* Indicates direct investment of the Company.

Ownership interest in all subsidiaries is based on ordinary shares held.

Kaluza Holdings 1 Ltd and Kaluza Holdings 2 Ltd were established during the year with share capital of £1 each.

Group associates

	Investments accounted for using the equity method £m
Cost	
At 1 January 2023	8
Additions	5
Share of net losses of associates	(6)
Disposals	(4)
At 31 December 2023	**3**
Transfers to assets classified as held for sale	**(3)**
At 31 December 2024	**–**
Carrying amount	
At 31 December 2024	**–**
At 31 December 2023	3

During the year the Company sold its holding in OVO Energy Pty. Ltd to AGL Electricity (VIC) Pty Limited (AGL) for £2m. Prior to the sale the holding was carried at £nil under the equity accounting method.

Prior year additions relate to subscriptions for additional shares in OVO Energy Pty. Ltd, The Renewable Exchange Limited and Chaddenwych Services Limited.

In July 2023, the Group sold its stake in Indra Renewable Technologies Limited (Indra), reducing its investment from 33.18% to 10.94%. The consideration for the shares disposed of was £15m and was fully paid. The carrying value of Indra at the date of partial disposals was £4m. The remaining stake held by the Group was recognised at a fair value of £9m in investments on the balance sheet. The Group recognised a total gain on disposal of £20m in other operating income in the income statement. In September 2024, the Group sold half of its remaining holding in Indra at its carrying value of £4m with the £5m remaining investment classified as assets held for sale.

Details of the Group's associates as at 31 December 2024 and 31 December 2023 are as follows:

			Proportion of ownership interest and voting rights held	
Name of associate	Principal activity	Registered office/Country of incorporation	**2024**	2023
Chaddenwych Services Limited	Energy information technology platform and service	86-90 Paul Street, London, England, EC2A 4NE, UK	**24.85%**	26.83%
The Renewable Exchange Limited	Trading platform and solutions for renewable generators	St Thomas Court, Thomas Lane, Bristol, England, BS1 6JG, UK	**55.84%/ 44%**	55.84%/44%
OVO Energy Pty. Ltd*	Sale of electricity and gas to customers in Australia	L22 120 Spencer Street, Melbourne, VIC 3000, Australia	**0%**	49%

* Indicates direct investment of the Company.

As at 31 December 2024, The Renewable Exchange Limited and Chaddenwych Services Limited are held as assets classified as held for sale.

17 Investments (continued)

Group joint venture

Details of the Group's joint venture as at 31 December 2024 and 31 December 2023 is as follows:

Name of joint venture	Principal activity	Registered office/Country of incorporation	Proportion of ownership interest and voting rights held	
			2024	2023
Kaluza Japan Co., Ltd.	Management services	Nijubashi Building (2F), 3-2-2 Marunouchi, Chiyoda-ku, Tokyo, Japan	**50%**	0%

During the year Kaluza Japan Co., Ltd. was established as a joint venture between Kaluza Ltd and Mitsubishi Corporation to promote and market the Kaluza platform in the Japanese market. Kaluza Ltd has committed to acquire additional share capital in Kaluza Japan Co., Ltd. totalling £1m as required to meet the joint venture's working capital requirements.

Company investments

	Company investments in associates £m	Company investments in subsidiaries £m
Cost		
At 1 January 2023	7	196
Additions	3	–
At 31 December 2023	**10**	**196**
Disposals	**(10)**	**–**
Transfers to assets classified as held for sale	**–**	**(5)**
At 31 December 2024	**–**	**191**
Carrying amount		
At 31 December 2024	**–**	**191**
At 31 December 2023	10	196

During the year the Company sold its holding in OVO Energy Pty. Ltd to AGL Electricity (VIC) Pty Limited (AGL) for £2m. Prior to the sale the holding was carried at its cost of £10m. At 31 December 2024, the Company's investment in Intelligent Energy Technology Ltd was presented as an asset classified as held for sale within the Company statement of financial position.

Prior year additions relate to subscriptions for additional shares in OVO Energy Pty. Ltd.

18 Disposals

Prior year disposal of heritage meter portfolio

On 9 October 2023, the Group disposed of its traditional meter rental operation (heritage meter portfolio) which generates revenue from the rental of traditional meters. The operation was a line of business within OVO Energy Ltd, an indirectly wholly owned subsidiary. The operation does not represent a major line of business or geographical area of operation for the Group. The Group recognised a total gain of £32m on the disposal which is recognised in other operating income in the income statement. The carrying values of assets disposed of as at the date of completion was £nil.

The amount of deferred consideration is dependent on the number of meters that have been removed or have had their MAPIDs updated to reflect the ownership of the meters by the new meter asset provider. At the time of the sale, the fair value of the deferred consideration was determined to be £10m. In 2024, the Group received £10m in respect of the deferred consideration.

Details of the disposal are set out below:

	2024 £m	2023 £m
Gain on disposal:		
Total consideration	–	32
Net assets disposed of	–	–
Gain on disposal before income tax	–	32
Income tax expense	–	(8)
Gain on disposal after income tax	–	24
Satisfied by:		
Cash	**10**	22
Deferred consideration	**(10)**	10
Total consideration	–	32
Cash flow analysis:		
Cash consideration received	**10**	22
Net cash inflow arising on disposal	**10**	22

19 Assets classified as held for sale

Disposal of Intelligent Energy Technology Ltd

On 22 January 2025, the entire shareholding in Intelligent Energy Technology Ltd (IET), a direct subsidiary of the Company, was sold to Imagination Industries Holdings Ltd, a company controlled by Stephen Fitzpatrick, for deferred consideration of £8m. The deferred consideration consists of £5m cash, receivable on 31 December 2025, and £3m contingent consideration. The contingent consideration is receivable in the event of a sale or listing of certain investments held by IET. The fair value of the contingent consideration was determined to be £3m as at the balance sheet date. IET is a holding company for the Group's investments in associates. The assets and liabilities of IET have been classified as held for sale and impaired to £8m as at the balance sheet date. The Company's investment in IET is presented as an asset classified as held for sale within the Company statement of financial position as at 31 December 2024

The assets classified as held for sale as at 31 December 2024 are as follows:

	31 December 2024 £m
Investments accounted for using the equity method	**3**
Investments	**5**
Trade and other receivables	**1**
Cash and cash equivalents	**6**
Assets classified as held for sale	**15**
Impairment of assets classified as held for sale	**(7)**
Assets classified as held for sale	**8**

20 Inventories

	Group		Company	
	31 December 2024 £m	31 December 2023 £m	31 December 2024 £m	31 December 2023 £m
Finished goods and goods for resale	**21**	28	**–**	–

Finished goods and goods for resale primarily comprises smart meters and related assets. The costs of finished goods and goods for resale recognised as an expense in the year amounted to £26m (2023: £30m). Write-down of inventories amounted to £2m in the year (2023: £3m). These are included within cost of sales.

21 Trade and other receivables

	Group		Company	
	31 December 2024 £m	31 December 2023 £m	**31 December 2024 £m**	31 December 2023 £m
Trade receivables and accrued income	**1,182**	1,103	**–**	–
Provision for impairment of trade receivables and accrued income	**(652)**	(510)	**–**	–
Net trade receivables and accrued income	**530**	593	**–**	–
Amounts owed by related parties	**1**	–	**96**	85
Prepayments	**40**	34	**–**	–
Cash collateral	**74**	77	**–**	–
Other receivables	**81**	85	**–**	–
	726	789	**96**	85

The fair value of those trade and other receivables classified as financial assets are disclosed in Note 32.

The Group's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in Note 33.

22 Derivative financial instruments

	Group		Company	
	31 December 2024 £m	31 December 2023 £m	**31 December 2024 £m**	31 December 2023 £m
Derivative financial instruments classified in non-current assets	**–**	10	**–**	–
Derivative financial instruments classified in current assets	**9**	60	**–**	–
Total derivative financial instruments	**9**	70	**–**	–

The Group designates certain energy contracts as held for trading. Energy contracts that are not designated as "own-use" contracts constitute financial instruments under IFRS 9 and are carried at fair value through profit or loss.

The amount of derivative re-measurement that has been recognised through the profit or loss is as follows:

	2024 £m	2023 £m
Amounts recognised in operating (loss)/profit		
Re-measurement of derivative energy contracts	**(61)**	1,086
Amounts recognised in the consolidated income statement	**(61)**	1,086

23 Cash and cash equivalents

	Group		Company	
	31 December 2024 £m	31 December 2023 £m	**31 December 2024 £m**	31 December 2023 £m
Cash at bank	**313**	416	**–**	12
Short term deposits	**–**	156	**–**	–
Cash and cash equivalents in the statement of financial position	**313**	572	**–**	12
Cash and cash equivalents classified as held for sale	**6**	–	**–**	–
Cash and cash equivalents in the statement of cash flows	**319**	572	**–**	12

Restricted cash

Cash at bank includes £160m restricted cash (2023: £144m). For the 2023/24 renewable obligation (RO) scheme year onwards, licensed electricity suppliers in Great Britain are required to protect their renewable obligation under a process called "RO ringfencing". The Group opted to protect its RO accruals by holding the quarterly cumulative obligation in a trust account. The deposit is disclosed as restricted cash.

Cash available for use as at 31 December 2024 is therefore £159m (2023: £428m).

Short term deposits

Short term deposits relate to term deposits placed with banks and have an original maturity of three months or less.

Cash and cash equivalents classified as held for sale

Cash held by Intelligent Energy Technology Ltd totalling £6m has been included as assets classified as held for sale at 31 December 2024. Refer to Note 19 for further details.

24 Trade and other payables

	Group		Company	
	31 December 2024 £m	31 December 2023 £m	**31 December 2024 £m**	31 December 2023 £m
Current liabilities				
Trade payables	**37**	422	**–**	–
Accrued expenses	**797**	562	**–**	–
Amounts due to related parties	**–**	15	**1**	15
Grant payables	**–**	40	**–**	–
Social security and other taxes	**10**	8	**–**	–
Other payables	**95**	72	**–**	–
	939	1,119	**1**	15
Non-current liabilities				
Amounts due to related parties	**30**	46	**–**	–

Trade payables decreased while accrued expenses increased during the year due to timing of invoice receipt. Aggregate trade payables and accrued expenses decreased due to lower volumes supplied compared to the prior year.

Grant payables relate to net overpayment of government grants received under the Energy Price Guarantee Scheme.

The Group's exposure to market and liquidity risks, including maturity analysis, relating to trade and other payables is disclosed in Note 33.

The Group's commodity purchasing arrangement gives rise to a variable liability to the creditor which is a combination of accounts payable and future purchase commitments secured on the assets of OVO Energy Ltd.

25 Loans and borrowings

The statement of financial position includes the following amounts relating to loans and borrowings:

	Group		Company	
	31 December 2024 £m	31 December 2023 £m	**31 December 2024 £m**	31 December 2023 £m
Loans and borrowings				
Bank borrowings	**182**	309	**–**	–
Other borrowings	**189**	166	**–**	–
	371	475	**–**	–

Bank borrowings

Bank borrowings consist of a £300m term loan facility and a £100m second lien term loan facility. Both facilities were repaid in full on 14 January 2025. The second lien loan facility is subordinated to the first facility.

Interest on the term loan facility was payable at 8.25% plus variable rate up to 26 October 2023 from which date interest is payable at 7.75% plus variable rate. Interest on the second lien facility was payable at 8.625% plus variable rate from 15 January 2021 to 14 January 2022; and is payable at 9.75% plus variable rate from 15 January 2022. Interest margin on the term loan facility increased by 1.5% from 15 July 2021. The incremental interest of 1.5% is capitalised, compounded and added to the unpaid principal amount of the loan. Interest on the second lien facility is capitalised, compounded and added to the unpaid principal amount of the loan.

Since the inception of the facilities, £291m (2023: £136m) prepayments have been made against the term loan facility; £11m (2023: £9m) interest has been capitalised against the term loan facility and £57m (2023: £35m) against the second lien facility. The outstanding principal of the term loan and second lien facilities as at 31 December 2024 are therefore £20m (2023: £173m) and £157m (2023: £135m) respectively.

Accrued but not yet paid or capitalised interest on the term loan and second lien facilities as at the balance sheet date are £1m (2023: £13m) and £5m (2023: £5m) respectively.

Costs incurred in initially raising these facilities were £39m and are being amortised over the life of the facilities. As at the balance sheet date, total amortised transaction fees and the effect of debt modification for both facilities are carried at £1m (2023: £17m).

Other borrowings

Other borrowings consist of loan notes issued. The principal of the loan notes is £100m. Loan notes are unsecured and are repayable in full on 31 December 2029. Interest is payable at 13.25%. Unpaid interest is capitalised, compounded and added to the unpaid principal amount of the loan. As at 31 December 2024, the outstanding principal of the loan notes is £189m (2023: £166m) of which £89m (2023: £66m) relates to interest capitalised.

The Group's exposure to market and liquidity risk, including maturity analysis, in respect of loans and borrowings is disclosed in Note 33.

26 Lease liabilities

Group

The statement of financial position includes the following amounts relating to lease liabilities:

	31 December 2024 £m	31 December 2023 £m
Current lease liabilities	**7**	6
Non-current lease liabilities	**25**	29
Total lease liabilities	**32**	35

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flows is as follows:

	31 December 2024 £m	31 December 2023 £m
Less than one year	**9**	9
Between one and five years	**20**	23
Greater than five years	**12**	16
Total lease liabilities (undiscounted)	**41**	48

The Group leases various offices and vehicles. The balance sheet amounts relating to leases are shown within Note 15 Right-of-use assets.

The current year interest expense on lease liabilities (included in finance costs) was £3m (2023: £3m).

The total cash outflow for leases for the year ended 31 December 2024 was £11m (2023: £12m).

27 Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were or will be classified in the Group's statement of cash flows as cash flows from financing activities.

Group

Reconciliation of liabilities arising from financing activities

			Non-cash changes		
	At 1 January 2024 £m	Financing cash flows £m	Interest expense £m	Other changes £m	**At 31 December 2024 £m**
Non-current loans and borrowings	475	–	23	(309)	**189**
Current loans and borrowings	–	(186)	59	309	**182**
Non-current lease liabilities	29	–	–	(4)	**25**
Current lease liabilities	6	(11)	3	9	**7**
	510	**(197)**	**85**	**5**	**403**

27 Changes in liabilities arising from financing activities (continued)

	At 1 January 2023 £m	Financing cash flows £m	Non-cash changes: Interest expense £m	Non-cash changes: Other changes £m	At 31 December 2023 £m
Non-current loans and borrowings	525	(130)	80	–	475
Non-current lease liabilities	34	–	–	(5)	29
Current lease liabilities	9	(12)	3	6	6
	568	(142)	83	1	510

The "Other changes" column includes the effect of new leases and reclassification of amounts between non-current and current liabilities.

Non-current loans and borrowings financing cash flows include £155m (2023: £98m) prepayments and £31m (2023: £32m) interest payments against the term loan facility during the year. Interest expense include interest expense and amortisation of transaction fees of £82m (2023: £80m).

28 Provisions

Group

	Meter rental agreements provisions £m	Other provisions £m	**Total £m**
At 1 January 2024	33	29	**62**
Additional provisions	10	11	**21**
Provisions used	(10)	(15)	**(25)**
Unused amounts reversed	(1)	(10)	**(11)**
At 31 December 2024	**32**	**15**	**47**
Non-current liabilities	32	7	**39**
Current liabilities	–	8	**8**

Meter rental agreements provisions

Meter rental agreements provisions of £32m (2023: £33m) consist of obligations under agreements with meter assets providers (MAPs) whereby the Group is liable to pay termination charges when commissioned metering equipment has been removed. The costs of £24m (2023: £25m) are expected to be utilised over the lifespan of the agreements and therefore, the timing of the cash outflows is uncertain. In addition, the Group has recognised £8m (2023: £8m) provision in relation to penalties payable for falling short of minimum committed volumes under these agreements. The penalties are expected to be utilised over the lifespan or at the end of the agreements, depending on the MAPs.

Other provisions

Other provisions consist of the following:

Onerous contracts provisions £nil (2023: £3m)

Included in onerous contracts provisions as at 31 December 2023 was £3m for IT-related service contracts that were deemed onerous. These contracts related to services supporting and maintaining the operations of the SSE legacy customer operating platform. The platform was decommissioned during the prior year and therefore, these IT contracts were deemed unfavourable. The costs under these contracts were fully utilised over the year.

Restructuring provision £2m (2023: £4m)

Following the acquisition of SSE in 2020, the Group initiated an integration programme which has resulted in the redundancy of a number of employees in the Group. The programme was aimed at simplifying the business to reduce costs. Restructuring costs currently provided for are expected to be fully utilised over the next 12 months.

Dilapidations provision £2m (2023: £2m)
The Group is required to restore the leased premises of its offices to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease or the useful life of the assets.

Facility agreement exit fee provision £2m (2023: £2m)
Upon the occurrence of an exit event for a fully repaid facility agreement, the Group is required to make an exit fee payment based on the enterprise value of the Group at the date of the event. The recognised provision reflects the Directors' best estimate of the fair value of this fee at 31 December 2024.

The remaining provisions included within other provisions of £9m (2023: £18m) consist of £3m (2023: £9m) relating to obligations under Ofgem schemes which are expected to be utilised in 2025, and £6m (2023: £6m) other claims.

29 Pension and other schemes

Defined contribution pension scheme

The Group operates both defined contribution and benefit pension schemes. The pension cost charge under the defined contribution scheme for the year represents contributions payable by the Group to the scheme and amounted to £13m (2023: £14m).

Defined benefit pension scheme

Introduction
The Group sponsors a funded defined benefit pension scheme for qualifying UK employees, the OVO Energy Group of ESPS. The scheme was established on 14 January 2020 following the acquisition of OVO (S) Energy Services Limited Group by the OVO Group in order to provide retirement benefits for eligible company employees. The scheme is sectionalised with separate sections for former members of the Southern Electricity Group of the ESPS and former members of the Scottish Hydro-Electric Pension Scheme. The assets in each section are ringfenced to provide benefits solely for the members of that section.

The scheme is administered by an independent trustee, which is legally separate from the Group. The trustee is required by law to act in the interest of all relevant beneficiaries, and is responsible for the investment policy for the assets and day-to-day administration of the benefits. Under the scheme, employees are entitled to annual pensions, and in some cases also lump sum benefits, on retirement at age 60 or 63 calculated with reference to pensionable service and final pensionable salary. Benefits are also payable on death and following other events such as withdrawing from active service. No other post-retirement benefits are provided to these employees.

Profile of the scheme
The Defined Benefit Obligation (DBO) includes benefits for current employees, former employees and current pensioners. Broadly, about 28% of the DBO is attributable to current employees, 13% to deferred pensioners and 59% to current pensioners.

The scheme duration is an indicator of the weighted-average time until benefit payments are made. For the scheme as a whole, the duration is approximately 16 years.

Funding requirements
UK legislation requires that pension schemes are funded prudently. The last funding valuation of the scheme was carried out by a qualified actuary as at 31 March 2023 and showed an overall surplus of £17m across the Southern and Hydro sections. The Group is paying contributions equivalent to 25.4% of salaries for employees in the Southern section and 30.1% of salaries for employees in the Hydro section to meet the expected cost of benefits being built up by these employees.

The next funding valuation is due no later than 31 March 2026.

29 Pension and other schemes (continued)

Risks associated with the scheme
The scheme exposes the Group to some risks, the most significant of which are:

Asset volatility
The DBO is calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield, this will create a deficit.

The scheme holds some of its assets in equities which, though expected to outperform corporate bonds in the long term, create volatility and risk in the short term. The allocation to growth assets is monitored to ensure it remains appropriate given the scheme's long term objectives.

Changes in bond yields
A decrease in corporate bond yields will increase the value placed on the scheme's DBO for accounting purposes, although this will be partially offset by an increase in the value of the scheme's bond holdings.

Inflation risk
The majority of the scheme's DBO is linked to inflation, and higher inflation leads to a higher DBO (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation), and this will be partially offset by an increase in the value of the scheme's inflation-linked bond holdings.

Life expectancy
The majority of the scheme's obligations are to provide benefits for the lifetime of the member, so increases in life expectancy will result in an increase in the DBO.

Legislative risk
The risk that new legislation, or clarification to existing legislation, increases the benefits due to members.

Risk management
The Group and trustees have agreed a long term strategy for reducing investment risk as and when appropriate. This includes an asset-liability matching policy which aims to reduce the volatility of the funding level of the scheme. By investing in assets such as index-linked gilts and swaps, which perform in line with the liabilities of the scheme, the scheme is protected against inflation being higher than expected. The trustees insure certain benefits which are payable on death before retirement.

Reporting at 31 December 2024
The preliminary results of the formal valuation at 31 March 2023 have been adjusted to the statement of financial position date, taking account of experience over the period since 31 March 2023, changes in market conditions, and differences in the financial and demographic assumptions. The present value of the Defined Benefit Obligation, and the related current service cost, were measured using the projected unit credit method.

The principal assumptions used to calculate the liabilities under IAS 19 are as follows:

Main financial assumptions
The principal financial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	31 December 2024 %	31 December 2023 %
Discount rate	**5.50**	4.50
RPI inflation	**3.10**	3.00
CPI inflation	**2.70**	2.60
Rate of general long term increase in salaries	**3.20**	3.10
Pension increases in payment (RPI max 5% p.a.)	**2.90**	2.80
Pension increases in payment (RPI max 3% p.a.)	**2.30**	2.20
Pension increases in payment (CPI max 3% p.a.)	**2.10**	2.10

The financial assumptions reflect the nature and term of the scheme's liabilities.

Post-retirement mortality assumptions

	31 December 2024 Years	31 December 2023 Years
Life expectancy for male currently aged 60	**25.30**	25.40
Life expectancy for female currently aged 60	**27.70**	27.60
Life expectancy at 60 for male currently aged 40	**26.90**	26.90
Life expectancy at 60 for female currently aged 40	**29.30**	29.20

	31 December 2024			31 December 2023		
Mortality base table adopted	SAPS S3 "All" tables for males and SAPS S3 "Middle" tables for females with the following scaling factors:			SAPS S3 "All" tables for males and SAPS S3 "Middle" tables for females with the following scaling factors:		
	Southern Section	Male member*	Female member*	Southern Section	Male member*	Female member*
	Active	117%	103%	Active	117%	103%
	Deferred	102%	102%	Deferred	102%	102%
	Pensioner	105%	107%	Pensioner	105%	107%
	Hydro Section	Male member*	Female member*	**Hydro Section**	Male member*	Female member*
	Active	97%	127%	Active	97%	127%
	Deferred	97%	92%	Deferred	97%	92%
	Pensioner	101%	120%	Pensioner	101%	120%
	* Different scaling factors apply to future dependants			* Different scaling factors apply to future dependants		
Mortality future improvements adopted	CMI 2023 projections model with Sk parameter of 7.0, A parameter of 0.25% p.a., 2020 and 2021 weighting parameters ("w2020" and "w2021" respectively) of 0% and 2022 and 2023 weighting parameters ("w2022" and "w2023") of 15%, and long term improvement rate of 1.25% p.a.			CMI 2022 projections model with Sk parameter of 7.0, A parameter of 0.25% p.a., 2020 and 2021 weighting parameters ("w2020" and "w2021" respectively) of 0% and 2022 weighting parameter ("w2022") of 25%, and long term improvement rate of 1.25% p.a.		
GMP equalisation	Cost of equalising benefits for differences in GMPs between males and females taken to be around 0.2% of liabilities			Cost of equalising benefits for differences in GMPs between males and females taken to be around 0.2% of liabilities		
Cash commutation	Allowance made for members to take maximum permitted lump sum at retirement by commuting pension based on current commutation terms			Allowance made for members to take maximum permitted lump sum at retirement by commuting pension based on current commutation terms		

29 Pension and other schemes (continued)

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	31 December 2024 £m	31 December 2023 £m
Fair value of scheme assets	**82**	88
Present value of scheme liabilities	**(55)**	(62)
Defined benefit pension scheme surplus	**27**	26
Asset recognised in the statement of financial position	**27**	26

Minimum funding requirement

When determining the adjustment in respect of the minimum funding requirement, it has been assumed that the Group would be entitled to a refund from the scheme of any surplus arising in the scheme in future. This is on the basis of the gradual settlement of liabilities over time until there are no remaining members, and takes into account the respective powers of the company and the trustees under the scheme's governing documentation.

Scheme assets

Changes in the fair value of scheme assets during the year are as follows:

	31 December 2024 £m	31 December 2023 £m
Fair value at start of year	**88**	85
Interest income on scheme assets	**4**	4
Re-measurement (losses)/gains on scheme assets	**(8)**	1
Contributions by employer	**–**	2
Net benefits paid out	**(2)**	(4)
Fair value at end of year	**82**	88

Analysis of assets

The scheme assets are invested in the following asset classes:

	31 December 2024 £m	31 December 2023 £m
Equities	**15**	13
Index-linked gilts	**35**	34
Corporate bonds	**31**	35
Cash/net current assets	**1**	6
Total market value of assets	**82**	88

Actual return on scheme assets

	2024 £m	2023 £m
Interest income on scheme assets	**4**	4
Re-measurement (losses)/gains on scheme assets	**(8)**	1
Actual return on scheme assets	**(4)**	5

The pension scheme has not invested in any of the Group's own financial instruments or in properties or other assets used by the Group. All scheme assets are quoted.

Scheme liabilities

Changes in the present value of scheme liabilities over the year are as follows:

	31 December 2024 £m	31 December 2023 £m
Present value at start of year	**62**	56
Current service cost	**1**	1
Past service cost (including curtailments)	**–**	7
Actuarial (gains)/losses on scheme liabilities arising from changes in financial assumptions	**(9)**	1
Actuarial gains on scheme liabilities arising from changes in demographic assumptions	**–**	(1)
Actuarial gains on scheme liabilities arising from experience	**–**	(1)
Interest expense	**3**	3
Net benefits paid out	**(2)**	(4)
Present value at end of year	**55**	62

29 Pension and other schemes (continued)

Amounts recognised in the consolidated income statement

	2024 £m	2023 £m
Amounts recognised in operating (loss)/profit		
Current service cost	**(1)**	(1)
Past service cost (including curtailments)	**–**	(7)
Recognised in arriving at operating (loss)/profit	**(1)**	(8)
Amounts recognised in finance income		
Interest income on defined benefit pension scheme	**1**	1
Amounts recognised in the income statement	**–**	(7)

Amounts taken to the consolidated statement of comprehensive income

	2024 £m	2023 £m
Re-measurement (losses)/gains on scheme assets	**(8)**	1
Actuarial gains/(losses) arising on scheme liabilities from changes in financial assumptions	**9**	(1)
Actuarial gains on scheme liabilities arising from changes in demographic assumptions	**–**	1
Actuarial gains on scheme liabilities arising from experience	**–**	1
Amounts recognised in the statement of comprehensive income	**1**	2

Sensitivity to key assumptions

The key assumptions used for IAS 19 are: discount rate, inflation and mortality. If different assumptions were used, this could have an effect on the results disclosed. The sensitivity of the results to these assumptions is set out below.

The sensitivity information shown has been prepared by approximately adjusting the IAS 19 liabilities calculated at the statement of financial position date using the same method used to adjust the results of the latest formal valuation to the statement of financial position date.

	2024		2023	
	Change £m	Value £m	Change £m	Value £m
DBO at the end of year	**–**	**55**	–	62
0.25% p.a. decrease in the discount rate	**2**	**57**	3	65
0.25% p.a. increase in the inflation assumptions	**2**	**57**	2	64
One-year increase in life expectancy	**1**	**56**	1	63

30 Share capital and reserves

Authorised, allotted, called up and fully paid shares

	31 December 2024		31 December 2023	
	No.	**£**	No.	£
A Ordinary of £0.00001 each	**14,598,927**	**145.99**	14,598,927	145.99
B1 Ordinary of £0.00001 each	**59,348**	**0.59**	55,155	0.55
B2 Ordinary of £0.00001 each	**47,837**	**0.48**	47,837	0.48
B3 Ordinary of £0.00001 each	**100,058**	**1.00**	104,371	1.04
C Ordinary of £0.00001 each	**27,321**	**0.27**	27,321	0.27
D1 Ordinary of £0.00001 each	**221,401**	**2.21**	221,401	2.21
D2 Ordinary of £0.00001 each	**36,038**	**0.36**	36,038	0.36
D3 Ordinary of £0.00001 each	**67,674**	**0.68**	67,674	0.68
D4 Ordinary of £0.00001 each	**28,215**	**0.28**	28,215	0.28
D5 Ordinary of £0.00001 each	**54,302**	**0.54**	54,302	0.54
E1 Ordinary of £0.00001 each	**480,374**	**4.80**	480,374	4.80
Preferred Shares of £0.00001 each	**1,869,749**	**18.70**	1,869,749	18.70
Deferred Shares of £0.00001 each	**59,899**	**0.59**	28,788	0.29
	17,651,143	**176.49**	17,620,152	176.19

The B, C, D and E Ordinary shares have been issued as part of Employee Share Schemes as discussed in Note 31. During the year, 26,154 B1 and 4,837 B3 shares were issued and awarded to employees of the OVO Group under the group share scheme (2023: 32,933 B1 and 22,639 B3 shares). 21,961 B1 and 9,150 B3 shares were forfeited and converted to deferred shares under the group share scheme in the year (2023: 14,697 B3 shares).

Other than A Ordinary and preferred shares, no other share classes confer voting or dividend rights. Both A Ordinary and preferred shares have full voting rights. Preferred shares rank ahead of A Ordinary shares with regards to dividend rights. On return of capital, share classes are ranked in the following order: preferred shares, Ordinary shares, E Ordinary shares, B Ordinary Shares and A Ordinary and C Ordinary shares. A and C Ordinary shares rank pari passu on return of capital.

Nature and purpose of reserves

Share premium (Group and Company)

In 2019, 1,658,282 A Ordinary shares were issued to Mitsubishi Corporation for consideration of £109m. Share premium of £103m was recognised in 2019, representing the excess consideration received above the nominal value of the shares issued, less £7m of associated transaction costs. The majority of the remaining share premium balance relates to share premium recognised upon the issuance of 2,424,771 preference shares to Mayfair Olympic Holdco Limited in 2015. The share premium represents the consideration of £31m less the nominal value of the shares issued and £3m associated transaction costs.

Other reserves (Group)

Other reserves primarily comprise the Group's share-based payments reserve of £1m (2023: £1m), which is used to recognise the value of equity-settled share-based payments provided to employees of the Company's subsidiaries, including key management personnel, as part of their remuneration.

Other reserves (Company)

Other reserves primarily comprise a merger reserve of £78m (2023: £78m), which arose as part of a business combination in 2014.

31 Share-based payments

Group Share Schemes

Scheme details and movements

The Group operates a number of employee share schemes applicable to senior and middle management employees. Under the terms of the schemes, employees of the Group are awarded class B, C, D and E Ordinary shares in OVO Group Ltd, and class A, B and E Ordinary shares in Kaluza Ltd. The schemes have different vesting periods and conditions depending on the class and company of the shares awarded. Schemes awarding shares in OVO Group Ltd and shares in Kaluza Ltd vest in tranches over a three or four year period, with a portion of the shares vesting at certain time intervals or on the occurrence of certain events. The vesting of shares is subject to continued employment in the companies of the Group. Employees leaving prior to the vesting date will forfeit their rights to unvested share awards. Vested shares under the schemes are acquired on a future sale, initial public offering, or return of capital of the issuing company.

The share-based payment expense is recognised in the income statement of the employing companies of the Group. The schemes are equity settled and a fair value liability is calculated on grant date. The expense is charged to the income statement on a straight-line basis over the expected vesting period of the awards. For the purpose of valuing the awards, to calculate the share-based payment charge, shares issued during the year were valued using an option pricing methodology with inputs such as the equity value of the companies based on observable market multiples of competitors, discounted cash flows and, where available, transaction data.

B1 and B3 shares in OVO Group Ltd issued in 2024 were valued at £4.08 and £0.05 per share respectively (2023: £4.08 and £0.05 per share respectively). B1 and E1 shares in Kaluza Ltd issued in 2024 were valued at £0.27 and £0.88 per share respectively (2023: A, B1 and E1 shares at £0.99, £0.27 and £0.88 per share respectively).

The total charge to the income statement and the corresponding increase in equity was £319,000 in 2024 (2023: £770,000).

Reconciliation of movements in awards

Thousands of shares Share class	Shares issued in Kaluza Ltd A	 B	 E	Shares issued in OVO Group Ltd B	 C	 D	 E
As at 1 January 2024	**364**	**573**	**636**	**207**	**27**	**408**	**480**
Issued in the year	**–**	**83**	**352**	**31**	**–**	**–**	**–**
Forfeited in the year	**(114)**	**(76)**	**(24)**	**(31)**	**–**	**–**	**–**
Issued at 31 December 2024	**250**	**580**	**964**	**207**	**27**	**408**	**480**
Weighted average vesting period (months)	**–**	**19**	**19**	**23**	**–**	**–**	**–**

Thousands of shares Share class	Shares issued in Kaluza Ltd A	 B	 E	Shares issued in OVO Group Ltd B	 C	 D	 E
As at 1 January 2023	–	–	–	166	27	408	480
Issued in the year	364	590	636	57	–	–	–
Forfeited in the year	–	(17)	–	(16)	–	–	–
Issued at 31 December 2023	364	573	636	207	27	408	480
Weighted average vesting period (months)	12	20	15	25	–	–	–

32 Financial instruments

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments, including assets classified as held for sale:

Group

Group	31 December 2024 £m Carrying value	31 December 2024 £m Fair value	31 December 2023 £m Carrying value	31 December 2023 £m Fair value
Financial assets				
Financial assets through profit or loss				
Investments	**5**	**5**	9	9
Trade and other receivables	**–**	**–**	10	10
Derivative financial instruments	**9**	**9**	70	70
Total financial assets through profit or loss	**14**	**14**	89	89
Financial assets at amortised cost				
Cash and cash equivalents	**319**	**319**	572	572
Trade and other receivables	**680**	**680**	745	745
Total financial assets at amortised cost	**999**	**999**	1,317	1,317
Total financial assets	**1,013**	**1,013**	1,406	1,406
Financial liabilities				
Financial liabilities at amortised cost				
Trade and other payables	**(959)**	**(959)**	(1,157)	(1,157)
Loans and borrowings	**(371)**	**(348)**	(475)	(475)
Lease liabilities	**(32)**	**(32)**	(35)	(35)
Total financial liabilities at amortised cost	**(1,362)**	**(1,339)**	(1,667)	(1,667)
Total financial liabilities	**(1,362)**	**(1,339)**	(1,667)	(1,667)

32 Financial instruments (continued)

In the prior year deferred consideration of £10m arising from the disposal of heritage meter portfolio has been recognised as a financial asset at fair value through profit or loss and included in trade and other receivables. During the year this was received in full.

Management assesses that the fair values of cash and cash equivalents, trade and other receivables, and trade and other payables approximate their carrying amounts largely due to the short term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:

- The fair value of financial assets is based on the expectation of recovery of balances. Impaired receivables mainly relate to customers from whom it is unlikely that full payment will ever be received. The primary inputs used to impair the receivable balances are not based on observable market data.
- The fair value of loans and borrowings and lease liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- The fair value of derivative financial instruments is determined with reference to closing market prices. All derivatives are classified as Level 2 within the fair value hierarchy. The fair value measurements are those derived from inputs, other than quoted prices, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

33 Financial risk management and impairment of financial assets

Group

The Group's activities expose it to a variety of financial risks: credit risk, market risk (predominantly from interest rate risk and commodity price risk), liquidity risk and operational risk. The Group's overall risk management programme focuses on the unpredictability of commodity price markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Company has limited exposure to market risk and liquidity risk due to the nature of its principal activities as a holding company but is exposed to credit risk for amounts owed by companies within the same group. The risk is therefore not considered material for the assessment of the Company's financial performance.

Risk management is carried out by the Risk Committee, under policies approved by the Directors and the Group management team.

Credit risk and impairment

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and from security deposits held by suppliers and distributors as collateral and deposits with the Group's bank.

The carrying amount of financial assets, other than equity investments, represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date was £1,008m (2023: £1,397m) being the total of the carrying amount of financial assets which include trade receivables and accrued income, derivative financial instruments and cash. Included in the carrying amount of financial assets are security deposits held by suppliers and distributors as collateral which amounted to £74m (2023: £77m). Treasury, trading and energy procurement counterparties typically have strong credit ratings and accordingly have low credit risk; the Group does not expect credit losses to arise on these balances. The Group manages credit risk relating to trade receivables and accrued income by monitoring the ageing of outstanding balances regularly and, depending on the business units, assessing the creditworthiness of a new customer before trade commences. As the Group's customer base is residential and therefore diverse, there is limited concentration of risk.

The Group measures expected credit losses by performing an impairment analysis at each reporting date. Expected credit losses are recognised unless the Group is satisfied that no recovery of the amount owing is possible, at which point the amounts considered irrecoverable are written off against the trade receivable directly. The Group provides for impairment losses based on estimated irrecoverable amounts determined by reference to specific circumstances and the experience of management of debtor default in the industry. Trade receivables are written off only after a period of time has elapsed since the final bill. Enforcement activity continues in respect of these balances unless there are specific known circumstances that remove any value in further action.

The credit quality of financial assets that are neither due or impaired can be assessed by reference to historical information about counterparty default rates. Impaired receivables mainly relate to customers from whom it is unlikely that full payments will be received. The simplified approach of measuring lifetime expected credit losses has been adopted to measure expected credit losses on trade receivables and accrued income. The provision is calculated based on default rates applied to different groups of outstanding receivables based on account status and payment types, whether the receivables are billed or unbilled, and whether the customer has left. The Directors have based their assessment of the level of impairment on collection rates experienced within each grouping to date.

Macroeconomic conditions

Whilst inflation and interest rate remain high, management considered the impact of these factors has already been included in the past collection performance over the prior year which forms the basis of the underlying calculation of loss allowances. In addition, external information suggests household disposable income is not forecast to change significantly in 2025. Despite this, considering factors such as the reduction in Winter Fuel Allowance and worsening customer credit risk scores for certain customers, management has included a small uplift in the allowances.

Allowances for impairment by credit losses

2024	Energy supply customers £m
At start of year	**510**
Additional impairment for credit losses recognised in the year	**206**
Amounts written off	**(65)**
At end of year	**651**

2023	Energy supply customers £m
At start of year	329
Additional impairment for credit losses recognised in the year	247
Amounts written off	(66)
At end of year	510

Substantially all expected credit losses recognised within the Group related to energy supply revenue contracts with customers. The tables below show the ageing and expected credit losses profile of billed receivables for credit customers. Billed receivables are segmented on a customer account basis by the age of the customer's oldest invoice. Ageing is not available for Pay-as-you-go receivables of £97m (2023: £89m) against which a provision of £50m is held (2023: £40m). Unbilled receivables are £160m (2023: £221m) against which a provision of £25m is held (2023: £12m). Provisions for Pay-as-you-go and unbilled receivables are calculated on the similar basis as billed receivables. In addition, the Group has non-energy supply related receivable balances of £34m (2023: £31m) against which a provision of £1m is held (2023: £nil).

33 Financial risk management and impairment of financial assets (continued)

2024
Residential energy customers

Days past oldest invoice date	Current £m	31-90 days £m	>90 days £m	>12 months £m	**Total £m**
Direct debits					
Expected credit loss rate	0.0%	0.0%	15.6%	44.0%	**25.0%**
Gross carrying amount	13	13	32	50	**108**
Expected credit loss	–	–	5	22	**27**
Net carrying amount	**13**	**13**	**27**	**28**	**81**
Payment on demand					
Expected credit loss rate	10.7%	26.3%	51.4%	70.6%	**62.1%**
Gross carrying amount	28	19	72	340	**459**
Expected credit loss	3	5	37	240	**285**
Net carrying amount	**25**	**14**	**35**	**100**	**174**
Final bills					
Expected credit loss rate	33.3%	44.4%	66.7%	86.5%	**81.5%**
Gross carrying amount	9	9	39	267	**324**
Expected credit loss	3	4	26	231	**264**
Net carrying amount	**6**	**5**	**13**	**36**	**60**
Total net residential energy customer receivables	**44**	**32**	**75**	**164**	**315**

2023
Residential energy customers

Days past oldest invoice date	Current £m	31-90 days £m	>90 days £m	>12 months £m	Total £m
Direct debits					
Expected credit loss rate	0.0%	0.0%	7.1%	38.9%	10.5%
Gross carrying amount	17	18	42	18	95
Expected credit loss	–	–	3	7	10
Net carrying amount	17	18	39	11	85
Payment on demand					
Expected credit loss rate	9.1%	15.4%	35.0%	81.5%	56.3%
Gross carrying amount	33	26	140	222	421
Expected credit loss	3	4	49	181	237
Net carrying amount	30	22	91	41	184
Final bills					
Expected credit loss rate	50.0%	62.5%	73.3%	93.7%	85.8%
Gross carrying amount	4	8	75	159	246
Expected credit loss	2	5	55	149	211
Net carrying amount	2	3	20	10	35
Total net residential energy customer receivables	49	43	150	62	304

Market risk

Interest rate risk

The Group borrows to finance its operations and growth. Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates. The Group aims to minimise interest rate risk in order to optimise cost of capital.

Sensitivity analysis

The Group has performed an analysis of the sensitivity of the Group's financial position and performance to changes in interest rates. The Group deems a two percentage point move (2023: two) in UK interest rates to be reasonably possible, considering the current interest rate environment. The Group's (loss)/profit before tax is affected through the impact on floating rate borrowings as follows:

	2024		2023	
	Increase/ decrease in basis points	Effect on loss before tax £m	Increase/ decrease in basis points	Effect on profit before tax £m
Term loan facilities	**+200**	**(6)**	+200	(7)
	−200	**6**	−200	7

Commodity price risk

Commodity risk is the exposure that the Group has to price movements in the wholesale gas and electricity markets. The risk is primarily that market prices for commodities will fluctuate between the time that tariffs are set and the time at which the corresponding procurement cost is fixed; this may result in lower than expected margins or unprofitable sales. The Group is also exposed to volumetric risk in the form of uncertain consumption profiles arising from a range of factors which include weather, economic climate and changes in energy consumption patterns.

The Group manages commodity risk by entering into forward contracts for a variety of periods. Energy procurement contracts are entered into and continue to be held for the purpose of the receipt of a non-financial item which is in accordance with the Group's expected purchase and sale requirements and are therefore out of scope of IFRS 9. Only certain energy contracts that are not designated as "own-use" contracts constitute financial instruments under IFRS 9.

Energy contracts that are not financial instruments under IFRS 9 are accounted for as executory contracts and changes in fair value do not immediately impact profit or equity, and as such, are not exposed to commodity price risk as defined by IFRS 7. So, whilst the risk associated with energy procurement contracts outside the scope of IFRS 9 is monitored for internal risk management purposes, only those energy contracts within the scope of IFRS 9 are within the scope of the IFRS 7 disclosure requirements. Although the Group only enters into contracts based on expected volumes, the volumetric risk discussed above means that the Group often has to enter into offsetting sell trades to match actual demand. This constitutes net settling under IFRS 9 which requires such contracts to be treated as derivative financial instruments under IFRS 9 rather than falling within the "own-use" exemption. The Group therefore designates its contracts as either "own-use" or "trading" depending on the risk of them being net settled, with only those contracts that are deemed to be highly probable of resulting in physical delivery being treated as own-use.

The Group regularly re-assesses the volume threshold at which contracts are deemed to be highly probable of resulting in physical delivery to reflect the latest best view of forecasted volume. As at 31 December 2024, the Group has £9m (2023: £70m) derivative energy contracts that are not determined as own-use contracts and are measured at fair value through profit or loss.

33 Financial risk management and impairment of financial assets (continued)

Sensitivity analysis

The Group has performed an analysis of the sensitivity of the Group's financial position and performance to changes in commodity prices in respect to derivative energy contracts measured at fair value through profit or loss. The impact of changes in commodity prices on the fair value of the Group's derivative financial assets is as follows:

	2024		2023
	Reasonably possible change in variable	Effect on loss before tax £m	Effect on profit before tax £m
UK gas (p/therm)	**+/-25%**	**17/(17)**	–/(–)
UK power (£/MWh)	**+/-25%**	**1/(1)**	7/(7)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group management team uses short and long term cash flow forecasts to manage liquidity risk. Forecasts are supplemented by sensitivity analysis which is used to assess funding adequacy for at least a 12-month period.

The biggest threat to the Group's liquidity would arise from unusually cold weather or other factors causing customer volumes to be much higher than anticipated. This could place a strain on the Group's working capital as payments due for supplier invoices could become due before customer collection levels could be adjusted. The Group has an extended payment facility with its key supplier where the Group may defer payments past the industry standard due date. The maximum credit available under the facility varies monthly depending on a number of factors including the month of utilisation, the Group's working capital and outstanding invoices. The Group has utilised the facility for a period of 12 days during the year (2023: no utilisation). No amount is outstanding under the facility as at the balance sheet date.

The Group also manages liquidity risk by following a strict and sophisticated hedging policy which sets out the methods by which the Group models, manages and executes on its gas and power demand forecasts and wholesale energy trading position. The Group generally hedges in line with the methodology used by Ofgem to calculate the wholesale cost allowance in the price cap. The Group does not actively seek to speculate on commodity price risk and all trades are entered into to reduce the risk associated with wholesale energy price exposure. The policy also limits the maximum and minimum size of the hedged position.

The Group manages its cash resources to ensure it has sufficient funds to meet all expected demands as they fall due. The table below sets out the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Maturity analysis

	Within 1 year £m	Between 1 and 5 years £m	After more than 5 years £m	**Total £m**
2024				
Trade and other payables	929	30	–	**959**
Bank and other borrowings	183	359	–	**542**
Lease liabilities	9	20	12	**41**
	1,121	**409**	**12**	**1,542**

	Within 1 year £m	Between 1 and 5 years £m	After more than 5 years £m	Total £m
2023				
Trade and other payables	1,111	46	–	1,157
Bank and other borrowings	–	309	166	475
Lease liabilities	9	23	16	48
	1,120	378	182	1,680

Capital risk management

Capital risk is managed to ensure the Group continues as a going concern and grows in a sustainable manner. The Group's total capital comprises the Group's net debt and total equity. Net debt is calculated as total loans and borrowings less cash and cash equivalents (excluding restricted cash). Management monitors debt levels to limit the risk of financial distress and to improve the Group's credit standing and, in doing so, seeks to reduce its cost of debt and collateral requirements in energy trading and hedging arrangements, and to remain as an attractive counterparty to the Group's suppliers.

The Group maintains a consolidated financial model to monitor the development of the Group's capital structure, which has the ability to model various scenarios and sensitivities. Key outputs from this model are regularly presented to the Board.

	Group	
	31 December 2024 £m	31 December 2023 £m
Loans and borrowings	**371**	475
Less: cash and cash equivalents (excluding restricted cash)	**(159)**	(428)
Adjusted net debt	**212**	47
Total shareholders' deficit	**(433)**	(299)
Total capital	**(221)**	(252)

The Group's borrowings are subject to meeting its financial covenants imposed by the Group's credit facilities. Compliance with these covenants is monitored by management on a monthly basis. The Group has not complied with certain profitability based covenants under the term loan facilities during the year (2023: complied with). The non-compliance has not resulted in any enforcement actions taken against the Group and the term loan facilities have been fully repaid subsequent to the balance sheet date. All other covenants were complied with during the year.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2024.

34 Related party transactions

Key management personnel

Key management includes Directors of the Company and members of the Group executive leadership team. The compensation paid or payable to key management for employee services to the Group's subsidiaries is as follows:

	2024 £'000	2023 £'000
Wages and salaries	**5,354**	4,913
Social security costs	**693**	663
Pension costs – defined contribution scheme	**96**	76
Share-based payments	**27**	51
	6,170	5,703

34 Related party transactions (continued)

Summary of transactions with key management

Loans with Directors and key management personnel are disclosed as follows:

2024

	At 1 January 2024 £'000	Advances £'000	Repayments £'000	**At 31 December 2024 £'000**
Loans to Directors and key management personnel	412	46	(37)	**421**

2023

	At 1 January 2023 £'000	Advances £'000	Repayments £'000	At 31 December 2023 £'000
Loans to Directors and key management personnel	405	18	(11)	412

Loans to Directors and key management personnel are subject to interest at the official rate which was 2% from 1 January 2023 to 5 April 2023 and 2.25% from 6 April 2023. Interest is accrued on a daily basis on the principal amount of the loan outstanding. Interest is payable upon the repayment of the loan amount. Interest accruing on these loans amounted to £10,000 (2023: £9,000) for the year.

In February 2023, the Group sold shares in Indra Renewable Technologies Limited (Indra) to a management personnel prior to the sale of its stake in Indra to Gulf Oil International Limited. The same management personnel had been advanced a loan by Intelligent Energy Technology Ltd, a subsidiary of the Group. Interest was accrued on a daily basis on the principal amount of the loan at the official rate which was 2% from 1 January 2023 to 5 April 2023 and 2.25% from 6 April 2023. The loan of £1m and accrued interest of £17,000 were repaid in full during the prior year.

Summary of transactions with entities controlled by the same ultimate controlling party (Company)

Up until 7 March 2023, Imagination Industries Ltd (IIL) was the ultimate and immediate parent of OVO Group Ltd (OGL). On 7 March 2023, IIL undertook a group reorganisation, demerging its non-core activities. As a result, Energy Transition Holdings Ltd (ETHL) was formed and became the ultimate parent undertaking of OVO Group Ltd and its subsidiaries. A series of related party transactions took place in order to facilitate the reorganisation.

ETHL was incorporated on 26 October 2022. 1 ordinary A share of nominal value £0.0001 was issued by ETHL to Stephen Fitzpatrick (SF), the ultimate controlling party of ETHL, for £0.0001 consideration settled in cash.

On 7 March 2023, ETHL issued 19,616,177 ordinary A shares of nominal value £0.0001 to SF in exchange for 950,000 IIL ordinary shares of nominal value £0.0001 which was 100% of the issued share capital of IIL. Subsequently, IIL distributed 100% of its shares in OGL to ETHL being 9,808,089 ordinary A shares of £0.00001.

On 9 March 2023, 9,808,089 A ordinary shares of ETHL with nominal value of £0.0001 each were extinguished by way of a capital reduction actioned via a solvency statement. ETHL transferred 100% of its shares in IIL to Imagination Industries Holdings Ltd (IIHL).

On 9 March 2023, ETHL issued shares to Mitsubishi Corporation, Mayfair Olympic Holdco Limited and Anthony Rice in exchange for their existing shares in OGL. The shareholders exchanged their shareholdings as follows:

- Mitsubishi Corporation exchanged 3,383,320 A ordinary shares in OGL for 3,383,320 A ordinary shares in ETHL.
- Mayfair Olympic Holdco Limited exchanged 1,860,465 preference shares and 115,187 A ordinary shares in OGL for 1,860,465 preference shares and 115,187 A ordinary shares in ETHL.
- Mayfair Galahad Holdco Limited exchanged 1,291,756 A ordinary shares in OGL for 1,291,756 A ordinary shares in ETHL.
- Anthony Rice exchanged 9,284 preferred shares and 575 A ordinary shares in OGL for 9,284 preferred shares and 575 A ordinary shares in ETHL.

Summary of transactions with parent entities (Group & Company)

Energy Transition Holdings Ltd

During the year the Company provided funding of £1m to its immediate parent, Energy Transition Holdings Ltd (2023: £nil). At 31 December 2024, £1m remained outstanding from Energy Transition Holdings Ltd (2023: £nil).

Imagination Industries Ltd

During the year, the Group incurred costs of £27m payable to Imagination Industries Ltd (2023: £43m). As part of the steps to bring the ownership of the OVO brand into the Group, all outstanding amounts greater than £30m were forgiven, resulting in a £42m credit that has been recognised as an exceptional item in the year. Prior to the settlement agreement Imagination Industries Ltd distributed the right to receive the settlement amount to Imagination Industries Holdings Ltd. At 31 December 2024, £30m remained outstanding from the Group to Imagination Industries Holdings Ltd (2023: £61m due to Imagination Industries Ltd).

Mayfair Equity Partners LLP

During the year, the Company incurred costs of £100,000 payable to Mayfair Equity Partners LLP (2023: £100,000). No amounts were outstanding as at 31 December 2024 (2023: £nil).

Mitsubishi Corporation International (Europe) plc

During the year, the Company incurred costs of £110,000 payable to Mitsubishi Corporation International (Europe) plc (2023: £114,000). No amounts were outstanding as at 31 December 2024 (2023: £nil).

Summary of transactions with associates (Group)

The Renewable Exchange Limited and Chaddenwych Services Limited

Interest on loan notes issued by The Renewable Exchange Limited and Chaddenwych Services Limited was accrued at 7% and 10% respectively and the loan notes are repayable or convertible into shareholding in the associates at maturity or in certain events. As at 31 December 2022, loans to The Renewable Exchange Limited of £1m and Chaddenwych Services Limited of £1m were outstanding. These loans were repaid in the year ended 31 December 2023 in exchange of increased shareholding in the associates.

Indra Renewable Technologies Limited

Indra Renewable Technologies Limited (Indra) ceased to be an associate of the Group as at 1 August 2023 as the Group reduced its stake in the entity during the prior year. During the period from 1 January 2023 to 31 July 2023, the Group purchased inventories of £1m from Indra. No amounts in relation to the purchases were outstanding as at 31 December 2024 (2023: £nil).

OVO Energy Pty. Ltd

In April 2021, the Group entered into a partnership with AGL, Australia's largest energy retailer and generator, to bring digital energy services to Australia. As part of the agreement, Kaluza Ltd, a wholly owned subsidiary of the Group, provides professional and subscription services to OVO Energy Pty. Ltd (OEA), which was an associate of the Group until 3 April 2024. The Group has recognised £1m revenue from OEA in the period from 1 January 2024 to 3 April 2024 (2023: £4m) and deferred revenue of £nil (2023: £1m) as at 31 December 2024 relating to payments received in advance of services performed. No amounts were outstanding as at 31 December 2024 (2023: £nil).

Summary of transactions with joint venture (Group)

Kaluza Japan Co., Ltd.

During the year the Group invested £176,000 in Kaluza Japan Co., Ltd. As at 31 December 2024, the Group was owed £290,000 by Kaluza Japan Co., Ltd. for services provided to Kaluza Japan Co., Ltd. in the year.

34 Related party transactions (continued)

Summary of transactions with subsidiaries (Company)

2024

Subsidiary	Amounts provided to £m	Amounts repaid (from)/to £m	Amounts (impaired)/ reversal of impairment £m	Interest receivable/ (payable) £m	Amounts owed by/(to) as at 31 December 2024 £m
Corgi Homeplan Ltd	**5**	**(19)**	**–**	**1**	**–**
Intelligent Energy Technology Ltd	**–**	**14**	**–**	**(1)**	**(1)**
Kaluza Ltd	**–**	**(6)**	**–**	**–**	**–**
Kantan Ltd.	**–**	**(1)**	**(7)**	**–**	**–**
OVO (S) Home Services Limited	**–**	**(5)**	**–**	**–**	**–**
OVO Energy Ltd	**21**	**(34)**	**–**	**2**	**–**
OVO Energy Spain SL	**–**	**(1)**	**1**	**–**	**–**
OVO Finance Ltd	**6**	**(5)**	**–**	**–**	**–**
OVO Holdings Ltd	**58**	**(7)**	**–**	**2**	**95**

During the year the Group undertook loan consolidations, which resulted in amounts owed by Kaluza Ltd transferring to OVO Finance Ltd and amounts owed by Corgi Homeplan Ltd, OVO Energy Ltd and OVO Finance Ltd subsequently transferring to OVO Holdings Ltd. This resulted in an increase in the amount owed to the Company by OVO Holdings Ltd. £1m was received from OVO Energy Spain SL in the year and £1m of the provision held against the amounts due from OVO Energy Spain SL was released. The remaining £5m owed by OVO Energy Spain SL to the Company, which was fully provided for, was written off during the year.

2023

Subsidiary	Amounts (received from)/ provided to £m	Amounts repaid (from)/to £m	Reversal of impairment £m	Interest receivable/ (payable) £m	Amounts owed by/(to) as at 31 December 2023 £m
Corgi Homeplan Ltd	–	–	–	1	13
Intelligent Energy Technology Ltd	(14)	–	–	–	(14)
Kaluza Ltd	–	–	–	–	6
Kantan Ltd.	2	–	–	–	8
OVO (S) Home Services Limited	–	–	–	–	5
OVO Energy Ltd	10	9	–	1	11
OVO Energy Spain SL	–	(2)	2	–	–
OVO Finance Ltd	(1)	–	–	–	(1)
OVO Holdings Ltd	–	(18)	–	2	42

During the prior year £2m was received from OVO Energy Spain SL and £2m of the provision held against the amounts due from OVO Energy Spain SL was released, the remaining £6m owed by OVO Energy Spain SL was fully provided for.

All amounts owed by and due to related parties are unsecured, have no fixed date of repayment and are repayable on demand. Interest is incurred at either 7% or 8.55% on interest bearing balances unless otherwise disclosed.

All amounts due to/owed by group undertakings are repayable on demand. Outstanding balances at the year end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2024, a provision for expected credit losses of £7m was recognised relating to amounts owed by Kantan Ltd. (2023: £nil).

35 Ultimate controlling party

The Company's immediate and ultimate parent and controlling party is Energy Transition Holdings Ltd, which is the largest and smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member. These financial statements are available upon request from the registered office at 1 Rivergate, Temple Quay, Bristol, BS1 6ED, UK.

36 Subsequent events after the year ended 31 December 2024

Group refinancing
On 14 January 2025, the Group repaid the outstanding balance in respect of the £300m term loan facility and the £100m second lien term loan facility. Subsequently, the Group entered into a £60m borrowing facility with Cheyne Capital Management, which has been fully drawn down. Interest on the new facility is payable at 12.00% plus variable rate and is capitalised, compounded and added to the principal amount outstanding on the facility. Costs incurred to enter into this facility amount to £4m and are amortised over the three-year term of the facility.

Prior to entering into the new facility, the loan notes originally issued by OVO Holdings Ltd were transferred by novation to the Company. The Company recognised an investment in OVO Holdings Ltd which represented the capital contributed to the subsidiary for accepting the transfer without consideration. The principal of the loan notes outstanding at the time of transfer was £189m and carrying value £190m.

Acquisition of Imagination Industries Ltd
On the same day, Energy Transition Holdings Ltd, the Company's parent, issued 150 million £1 preference shares to Stephen Fitzpatrick as consideration for the acquisition of the entire share capital of OVO Brand Ltd (previously Imagination Industries Ltd). The preference shares are cumulative and compounding at a coupon rate of SONIA + 6% per annum, and are only redeemable at the option of the Company.

Energy Transition Holdings Ltd subsequently undertook a series of internal corporate restructuring transactions which resulted in OVO Brand Ltd being transferred to OVO Energy Ltd, a subsidiary of the Group. As part of this, the Company issued 2 £0.0001 ordinary shares to Energy Transition Holdings Ltd as consideration to acquire OVO Brand Ltd and subsequently transferred OVO Brand Ltd to OVO Holdings Ltd in exchange for 2 £1 ordinary shares in OVO Holdings Ltd.

Minimum capital requirement
The licensed entities of the Group, being OVO Electricity Ltd and OVO Gas Ltd, fall within the Intermediate Position under Ofgem's Capital Adequacy framework from 31 March 2025. The Group is committed to improving its capital position and is working closely with Ofgem to deliver a capitalisation plan to meet the minimum capital requirement.

Group redundancies
On 29 April 2025, the Group announced a redundancy programme to reduce the number of roles across the Group in 2025. The programme is aimed at optimising our operating model to focus on what matters most to our customers, reducing complaints and improving our platform, to progress as a customer and product-led business.

Disposal of Intelligent Energy technology Ltd
On 22 January 2025, the entire shareholding in Intelligent Energy Technology Ltd, a subsidiary of the Group, was sold to Imagination Industries Holdings Ltd, a company controlled by Stephen Fitzpatrick, for deferred consideration of £8m.

Investment from AGL
In June 2024, the Group and AGL New Energy EIF Pty Limited (AGL) entered into a share subscription agreement whereby AGL agreed to acquire 20% stake in Kaluza Ltd by way of new shares subscription in the company for consideration of £79m. The subscription was completed on 28 January 2025.

Annex

Plan Zero Metrics Basis of Preparations

Metric	Calculated as:
% reduction in total carbon footprint	100x (*Total assured carbon emissions for current year (tCO_2e)* – *Total assured carbon emissions for baseline year (tCO_2e)*) / *Total assured carbon emissions for baseline year (tCO_2e)*
% fleet that are EVs	100× (*Number of OVO fleet vehicles that are electric*) / *Total OVO fleet vehicles*
% of properties powered by 100% 'renewable energy' sources	100x (*Renewable electricity purchased (kWh)* + *Renewable electricity generated onsite (kWh)*) / *Total electricity consumed (kWh)*
Facilities energy efficiency (kWh/m^2)	*Total energy consumed (gas,electricity and onsite generation in kWh) in premises that OVO operates* / *Total floor area occupied by OVO for these sites (m^2)*
% of meters that are smart meters	100× (*Number of meters on supply that are smart*) / *Total number of meters on supply*
Tonnes of carbon emissions avoided through provision of decarbonisation products and services (tCO_2e)	*Number of product installations* x *Carbon avoided per product sale (tCO_2e)* The value attributed for carbon avoided per product is calculated according to this methodology[1], and updated annually.
% reduction in gas sold	100x (*Total gas sold to customers in current year (kWh)* – *Total gas sold to customers in baseline year (kWh)*) / *Total gas sold to customers in baseline year (kWh)*
% customers that consider us a leading green company	100× (*Total customers that think we are a leading green company*) / *Total OVO customers tested*
% customers who are actively engaged in their energy use	100× (*Total customers that engage with energy saving insights relating to their consumption data*) / *Total customers able to access said energy saving insights*

1 https://company.ovo.com/wp-content/uploads/2022/07/FINAL_OVO-Carbon-Avoidance-Potential-of-Products-Assessment-Methodology-Document.pdf

Metric	Calculated as:
% of most vulnerable customers who feel OVO provides the support they need	An average customer satisfaction score among customers who are present on the Priority Service Register (PSR).
Number of homes that OVO has installed energy efficiency measures into (absolute)	The number of homes that Energy Solutions have installed energy efficiency measures into.
Overall Peakon score	The Average of all scores provided by OVO people for "Overall Peakon Score".
Plan Zero Peakon score	The average of all scores provided by OVO people for "Plan Zero Peakon Score".
% female representation at a leadership level	$100\times \frac{\textit{Number of women at a leadership level}}{\textit{Total number of leadership roles}}$
% ethnic minority representation at a leadership level	$100\times \frac{\textit{Number of people in leadership roles that identify as an ethnic minority}}{\textit{Total number of leadership roles}}$
Creating new green jobs	Number of roles created that are defined as 'green' e.g. help advise on, survey or install decarbonisation technologies into customers' homes.

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