OVO[1] Consolidated Segmental Statement (CSS) for the year ended 31 December 2024

Executive Summary

This consolidated Segmental Statement (CSS) has been prepared in accordance with Standard License Condition 19A of the Electricity and Gas Supply Licenses ("Financial Information Reporting") and the associated published Ofgem Guidance. The CSS presents a segmental analysis of OVO Finance Ltd's (hereinafter referred to as OVO) supply licensed activities.

Domestic Supply

	Unit	Electricity	Gas	Total
Total Revenue	**£m**	**3,531.6**	**1,957.9**	**5,489.5**
Revenue from sale of electricity and gas	£m	3,456.3	1,917.2	5,373.5
Other revenues	£m	75.3	40.7	116.0
Total operating costs	**£m**	**3,443.3**	**1,985.2**	**5,428.5**
Direct fuel costs	£m	1,179.0	1,001.7	2,180.7
Direct costs	£m	1,681.2	556.1	2,237.3
Transportation costs	£m	783.4	397.1	1,180.5
Environmental and social obligation costs	£m	804.1	110.3	914.4
Other direct costs	£m	93.7	48.7	142.4
Indirect costs	£m	583.1	427.3	1,010.4
EBITDA	**£m**	**88.3**	**(27.3)**	**61.0**
Depreciation & Amortisation	£m	39.8	28.1	67.9
EBIT	**£m**	**48.5**	**(55.4)**	**(6.9)**
Volume	**TWh, MThms**	**11.7**	**905.9**	**N/A**
WACOE/G	**£/MWh, p/th**	**101.12**	**110.6**	**N/A**
Meter Points	**000s**	**3,715**	**2,627**	**6,342**

Notes:

(i) OVO is a domestic supplier. Domestic supply reflects the supply of electricity, gas and associated services to domestic users.

(ii) WACOE is calculated to the nearest pence in £/MWh

(ii) WACOG is calculated to 1 decimal place in p/th

(iii) Volumes for Electricity reported in TWh to 1 decimal place

(iv) Volumes for Gas reported in m therms to 1 decimal place

[1] These statements form the submission for the OVO Group with a reconciliation to the OVO Finance Ltd statutory accounts. OVO Finance Ltd is the smallest group of undertakings for which group financial statements are drawn up and of which OVO Energy Ltd (06890795), OVO Electricity Ltd (06858121), OVO Gas Ltd (06752915), the active supplier licensees, are members.

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(v) All revenues, costs and depreciation are entered as positive values
(vi) EBITDA (Earnings before Interest, Tax and Depreciation) and EBIT (Earnings before Interest and Tax) - where the figure is positive this indicates a profit, and where negative (indicated by brackets), a loss.

Glossary of Terms

EBITDA	EBITDA represents earnings before interest, tax, depreciation and amortisation. It is calculated by subtracting total operating costs from total revenue.
EBIT	EBIT represents earnings before interest and tax and is calculated by subtracting depreciation and amortisation from EBITDA.
Volume	Volume is supplier volumes at the meter point i.e. net of losses.
WACOE/G	The WACOE/G represents the weighted average cost of procuring electricity and gas, shown as £/MWh (electricity) and p/therm (gas). This is calculated by dividing direct fuel costs by volume.
Meter Points	Meter Point numbers are based on the average monthly number of Meter Point Administration Numbers for electricity customers and Meter Point Reference Numbers for gas customers during the year to 31 December 2024.

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Basis of Preparation

The following notes show the basis of preparation of the 2024 Consolidated Segmental Statements. These statements have been prepared in accordance with Standard Condition 19A of the Electricity and Gas Supply Licences.

The CSS presents a segmental analysis of OVO Finance Ltd's (hereinafter referred to as OVO) supply licensed activities. The CSS has been prepared using financial data included in OVO's financial statements for the year ended 31 December 2024 which have been prepared in accordance with International Financial Reporting Standards. It provides information relating to the revenues, costs and profits of these activities in order to enhance the transparency within the energy market for both consumers and other stakeholders. Segments in the CSS have been determined in accordance with Ofgem Guidelines, which differ from the requirements of International Financial Reporting Standards under which our Statutory accounts are prepared.

A reconciliation of the CSS revenue and EBIT to the OVO Finance Ltd accounts for the year ended 31 December 2024 has been included in accordance with Standard Licence Condition (SLC) 19A and aligned to the guidance published by Ofgem.

Revenue

Supply revenues from sales of electricity and gas include revenues from the direct sale of electricity and gas to domestic customers. Revenue for domestic supply is after deducting discounts where applicable.

Other Revenue

Other revenue is primarily revenue from the installation of smart meters.

Direct fuel costs

Direct fuel costs for Supply include electricity, gas, and imbalance costs. The weighted average cost (WACOE/G) covers the total direct fuel cost.

The procurement of electricity and gas:

- OVO is responsible for the end-to-end management of its wholesale market risks and operates its energy procurement strategy within a market risk limits framework set by a governing risk committee and approved by the OVO board of directors.

- OVO procures all of its energy via a structured trading relationship with a third party that enables access to products on the forward OTC market and exchange based markets (e.g. N2eX), with other structured trades agreed with varying levels of complexity.

- OVO executes a 'back to back' approach to trading for all exposures. For customers on the default price cap, OVO hedges these exposures in line with the reference observation window for the pricing period. For customers on a choice tariff, OVO will hedge these customers as soon as the exposures are known.

- OVO bears all of the volumetric risks associated to domestic supply including shape risk (holding of shape positions until they become liquid), forecast inaccuracy risk (where forecast at time of price indexation differs from forecast at delivery) and imbalance risk (where final demand forecast is different to settled grid demand).

Transportation costs

- Transportation costs include network transportation costs eg. Transmission (TNUoS), Distribution (DUoS), Balancing Services Systems (BSUoS), and transportation costs for gas.

Environmental and social obligation costs

- Environmental and social obligation costs include Renewable Obligation Certificates (ROCs, allocated to Electricity only), Feed-in-Tariff (FiT, allocated to Electricity only), Contracts for Difference (CfD, allocated to Electricity only), UK Capacity Market costs (Electricity only), Energy Company Obligation (ECO), Energy Industry Support Levy (Electricity only), Assistance for Areas with High Electricity Distribution Costs (AAHEDC, Electricity only) and Warm Home Discount (nb. both the Industry Initiatives and the Core Group cost is included here, the Core Group cost of £54m appears within revenue in the statutory accounts but have been classified under indirect costs in line with the Ofgem Guidance to ensure consistency in CSS reporting). Additionally, £5m of costs associated with administering the environmental & social schemes have also been classified here, although these costs would appear under administrative expenses in the statutory accounts, this reclassification has no impact on earnings (EBIT).

Other direct costs

- Other direct costs include sales acquisition costs, Elexon and Xoserve costs, Market Stabilisation costs, and wider smart metering programme costs.

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Indirect costs

- Indirect costs include operating costs such as marketing, bad debt, metering, billing, costs to serve, Tech, HR, finance, property, and people.
- £344m of largely metering related costs (installation, rental, maintenance, reading etc) have been classified under indirect costs in line with the Ofgem Guidance to ensure consistency in CSS reporting. These costs would appear under direct costs in the statutory accounts, this reclassification has no impact on earnings (EBIT).
- Indirect costs, where not specifically related to a fuel, are allocated based on customer numbers, except for bad debt costs which are allocated between Electricity and Gas based on the revenues of the respective supply segment.

Depreciation and amortisation

- Depreciation and amortisation is allocated between Electricity and Gas on the basis of customer numbers.

Reconciliation of CSS to OVO Finance Ltd financial statements

The figures have been reconciled to the statutory accounts for OVO Finance Ltd for the year ended 31 December 2024.

	Unit	Revenue	EBIT
CSS Reported Revenue / EBIT	**£m**	**5,489**	**(7)**
1. Non-Supply activities	£m	95	(60)
2. Other non-operating items excluded from CSS EBIT	£m		(38)
3. Classification (Warm Homes Discount)	£m	(54)	
OVO Finance Ltd	**£m**	**5,530**	**(104)**

Notes:

OVO Finance Ltd includes non energy supply activities which have been excluded from CSS Revenue and EBIT. It also includes Exceptional items and Mark to Market Adjustments which have been excluded from CSS Revenue and EBIT in line with the requirements outlined in paragraph 1.19 of the Ofgem CSS guidelines.