

SSE Consolidated Segmental Statement (CSS) for the year ended 31 March 2025

SSE Energy Supply Limited

Year ended 31 March 2025	Unit	Electricity Supply Non-Domestic	Gas supply Non-Domestic	Aggregated supply business
Total Revenue	£m	2,371.5	230.2	2,601.7
Sales of electricity and gas	£m	2,370.5	230.1	2,600.6
Other revenue	£m	1.0	0.1	1.1
Total Operating costs	£m	2,353.3	198.8	2,552.1
Direct fuel costs	£m	1,049.5	128.5	1,178.0
Transportation costs	£m	545.6	30.5	576.1
Environmental & social obligation costs	£m	547.8	0.3	548.1
Other direct costs	£m	16.8	3.2	20.0
Indirect costs	£m	193.6	36.3	229.9
EBITDA	£m	18.2	31.4	49.6
Depreciation and amortisation	£m	16.4	2.6	19.0
EBIT (before exceptionals)	£m	1.8	28.8	30.6
Volume	GWh/mTherms	9,839.7	119.9	-
WACOE/G	£MWh/p/th	106.7	107.2	-
Customer numbers	'000s	290.4	46.4	336.8

Basis of preparation

Summary

'Business Energy' sells electricity and gas to 0.3m business customer accounts in Great Britain and procures, electricity, gas REGOS, RGGOs and ROCs from EM.

Revenue from Sales of Electricity and Gas - revenues are the value of electricity and gas supplied to business customers in Great Britain during the year and includes an estimate of the value of units supplied between the date of the last bill and the year end. Non-domestic volumes are expressed at customer meter point. Government Scheme Support (EBDS) is treated as Other Revenue in this return.

Direct Fuel Costs - Business Energy does not engage in the trading of electricity and gas and procures all of its electricity and gas from the SSE Energy Markets Business Unit. The method by which EM procures energy is at an arm's length arrangement on behalf of Business Energy is governed by Business Energy's forward hedging policy. The forward trades between Business Energy and EM are priced at wholesale market prices at the time of execution and any differences in volume and reconciliation at the time of delivery is marked to the spot price on the day. WACOG (weighted average cost of gas) also includes all Allocation reconciliations and Unidentified Gas. The WACOE and WACOG also consist of trades marked to wholesale prices when committed at the point of sale for fixed price customer contracts or when a customer instructs SSE to purchase energy in respect of flexi-priced contracts. This transfer pricing methodology reflects how Business Energy actually acquired its energy. There have been no material changes in the transfer pricing policy in respect of Business Energy since the CSS for the financial year ending 31 March 2025.

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(continued)

Transportation Costs - these include transportation, transmission and distribution use of system costs and balancing services use of system costs.

Environmental and Social Obligation Costs - relate to policies designed to modernise and decarbonise the energy system in Great Britain and include ROCs, Feed in Tariff, charges under the Capacity Mechanism and CfD schemes and charges in relation to 'Assistance for Areas with High Electricity Distribution Costs' (AAHEDC). REGO, RGGOs and GOO costs related to these schemes are also included in this section of the CSS.

Other Direct Costs - include: industry settlement costs, management and market access charges from Energy Markets and other miscellaneous costs.

Indirect Costs - This element includes sales and marketing, customer service, bad debts and collections, metering costs, commercial costs, central costs - including information technology, property, corporate, telecoms costs and costs incurred to meet Smart Metering rollout obligations for the year. Where costs cannot be directly allocated to a fuel (electricity/gas), they have been allocated using costing models based on activity or customer numbers - whichever is the most appropriate.

Business Energy's profit and loss account bears the risk and rewards arising from the volatility in demand for energy, caused by the weather, consumption per customer and customer churn. It is also exposed to swings in wholesale costs and the uncertainty surrounding its share of government environmental and social schemes.

Reconciliation of CSS to Financial Statements as at 31 March 2025

	Revenue £ m	EBIT £ m
CSS Supply - Business Energy	2,601.7	30.6
Government scheme income	(1.1)	-
Derivative re-measurements	-	(8.3)
Financial guarantee liabilities	-	2.4
Exceptional items	-	(19.8)
Total in Financial Statements	<u>2,600.6</u>	<u>4.9</u>