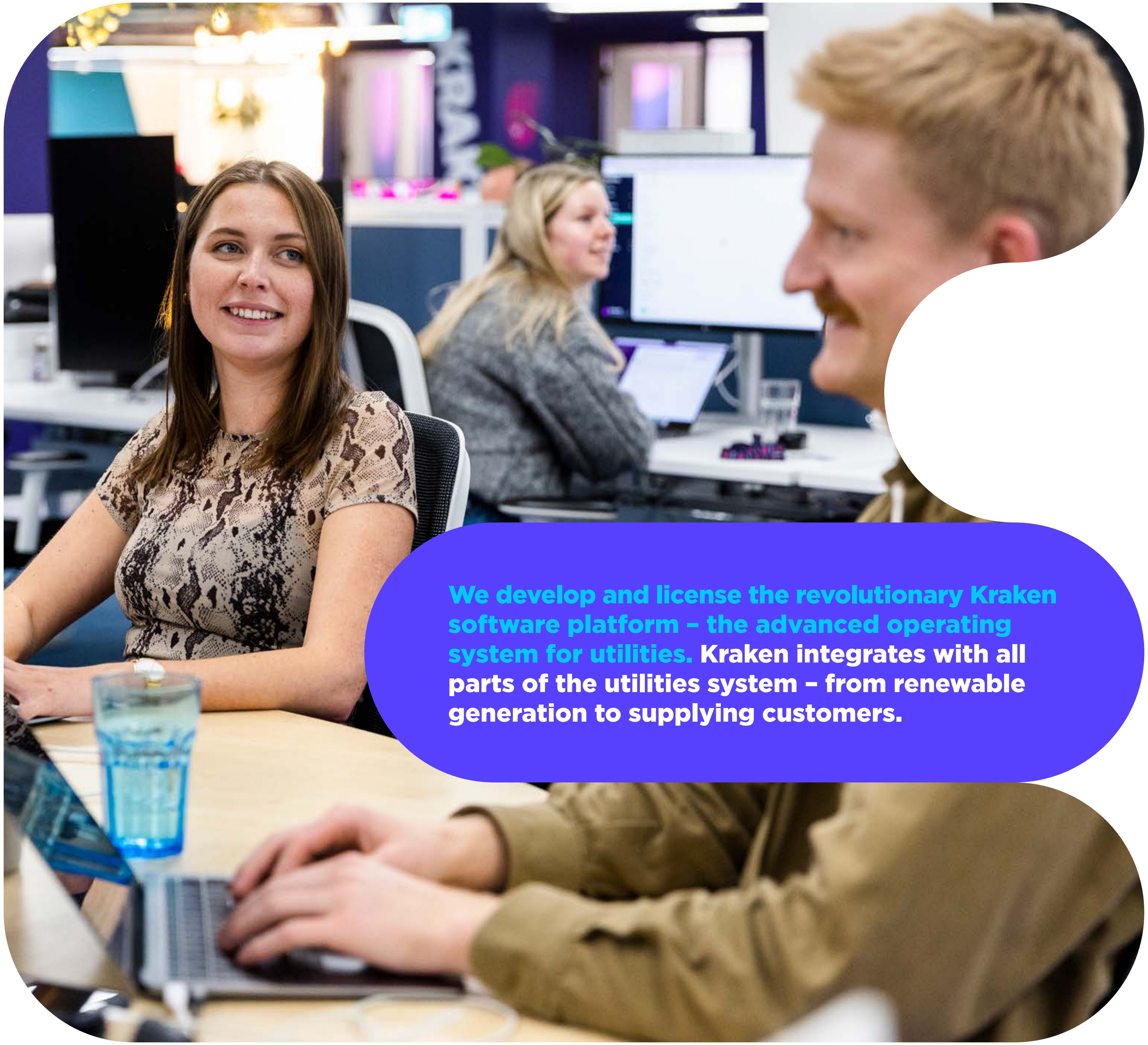
Kraken Technologies Limited
Annual Report and
Financial Statements 2023

Contents



We develop and license the revolutionary Kraken software platform – the advanced operating system for utilities. Kraken integrates with all parts of the utilities system – from renewable generation to supplying customers.

Foreword

Greg Jackson
Chief Executive Officer and Founder

Kraken Technologies Limited (KTL, the Company) has had another year of excellent growth, rapidly developing and building capability as a globally leading utility software platform, and I'm very excited about what the future holds.

Kraken now has 54 million contracted accounts – 120% growth in the last 12 months. These new client wins are testament to Kraken's proven technology, its successful Build, Operate and Transfer (BOT) model, and our total commitment to client success.

Our underlying growth trajectory has continued at pace. The number of accounts live on the Kraken platform was up 35% to 21.8 million, and the number of third-party client (non-Octopus Energy Group) accounts on the platform rose to 12 million (from 9.5 million last year). This growth in accounts drove an increase in contracted annual recurring revenue (ARR) of 59%, up to £127m at year end. Account growth is set to accelerate in the coming year as we ramp up the migration of existing client, EDF, and we also begin to migrate the customers of new licensing agreements signed since year end: Plenitude (part of one of the world's largest energy companies Eni) and Tokyo Gas (one of the largest utilities in Japan). We are also now replicating the innovation we've brought to the energy sector in the wider utilities sector (water and telco), having signed our first licensing deals since year end. These include with Severn Trent (the UK's second largest water company).

The talent we have in our global team and the agile way in which we operate allow us to innovate at pace. A prime example is the development of Ink, our new proprietary customer communication tool. Ink incorporates Magic Ink which uses AI to assist teams using the Kraken platform to deliver improved service. It leverages the revolutionary new power of large language models (LLMs), trained on the anonymised data within the platform, and the results are startling: close to 100% efficiency gains (you can read more about Ink and Magic Ink in the case study on page 10).

It's our ability to continuously innovate and our determined and disciplined focus on delivering on promises to clients that make Kraken a key enabler in the transition to a clean energy system to help fight climate change. We're excited to be at the forefront of that progress.

James Eddison
Chief Technology Officer and Co-founder

This year has been a transformative one for Kraken's evolution. We've grown to a team of 658 (including subsidiaries whose figures are not included in this report) around the world who are working on developing and servicing Kraken, we've invested in our tech teams in international hubs and we're building strong foundations for rapid scalability.

In the UK, we migrated all 2.5 million Bulb accounts in just a few months, demonstrating again that no other company comes close to us in the success of completing retail energy migrations, with unparalleled expertise in protecting brands and customers throughout the process. This has fuelled continued growth in the number of accounts on the platform, raising our market share in the UK to 41% of the UK domestic market. Globally the number of accounts on the platform is poised to grow rapidly as our international presence begins to scale in the same way it has in the UK.

KrakenFlex, while a separate entity, is a core part of our wider Kraken technology platform. While revenue is currently modest compared to KTL, growth has been strategic and significant, particularly in consumer assets. There was a 15x year-on-year growth of small assets with over 37k electric vehicles being controlled at year end by Kraken's SmartFlex module, which powers Octopus Energy's Intelligent Octopus tariff and is available for other Kraken clients to license. As of July 2023 KrakenFlex managed nearly a quarter of the battery energy storage in the UK.

I'm proud to say that as we innovate and develop revolutionary products for our clients, such as incorporating AI and, in the future, allowing clients to develop their own apps (turning Kraken into the 'operating system' for utilities), we are remaining true to our core philosophy of customer privacy and security. This has been designed into Kraken's architecture since the beginning and it will only become more important with the coming AI revolution – we are prepared to embrace the benefits without compromising on this philosophy.

Overview of Kraken Technologies Limited 2022/23

+59%

Contracted annual recurring revenue (ARR) increase year on year from £80m in FY22 to £127m in FY23

Contracted ARR = the total recurring revenue expected over a one-year period from all licensing contracts signed up to year end

41%

of the British domestic energy retail market on the Kraken platform at year end

52m

Total contracted accounts as of 30 November 2023

Account = meter point which is contracted to be migrated onto the platform

+88%

New employees in Kraken Growth from 192 to 361 this year (excludes subsidiaries)

10

Number of countries present

15

Number of businesses Kraken licensed to at year end

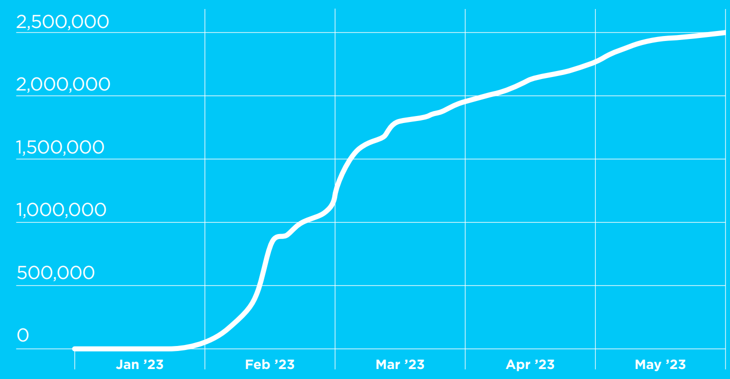
Not including KrakenFlex

19

Successful customer migrations to date

Bulb customer migration at record speed

Bulb meters migrated



Operational and financial review

What we do

Kraken Technologies Limited (KTL) develops and licenses the revolutionary Kraken software platform. Kraken has been built with a deep understanding of the energy and utilities sectors and how they are evolving. From billing and customer relationship management tools to management of disaggregated energy sources and communicating directly with industry bodies, Kraken is an 'all-in-one' tech stack. It allows businesses to achieve industry-leading levels of customer service by improving customer communication channels.

Implementation of Kraken is transformative for our clients, resulting in significantly lower operating cost, outstanding service and efficiency for customers, and a step-change in capability to offer innovative new products and services. As well as licensing Kraken, the team migrates customer accounts onto the platform and assists with the business's transformation process through our Build, Operate and Transfer (BOT) model of developing clients' operations and by providing expert consulting and team training.

Our design philosophy allows for agility, and a harmonised dataset and API base to provide a huge range of capabilities from industry to consumer. We are pioneering the use of big data and machine learning capabilities to invert the way we think about the energy and utilities systems, placing the customer at the centre of everything we do.

> **"The products and services Kraken enables are the key to the cheap, green energy revolution."**
>
> **Greg Jackson**, CEO and Founder

Operational review

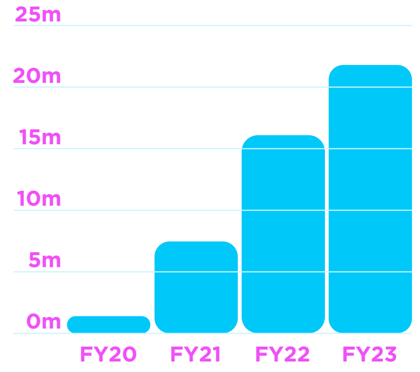
FY23 has been a transformative year for KTL's development, with significant investment of time and effort into Kraken's international launchpads for growth as well as further developing Kraken's core functionality. We have also invested heavily in establishing Kraken Technologies as a standalone business, separate from others in the Octopus Energy Group (OEGL, the Group) and with its own management team. These investments lay the groundwork to rapidly scale the business in both new and existing markets over the coming years.

Key highlights this year include:

- Migrated 4.9 million accounts onto the platform, bringing the total number of accounts on the platform to 21.8 million (vs 16.1 million in FY22).
- The number of third-party client (non-OEGL) accounts on the platform grew to 12.0 million (vs 9.5 million in FY22).
- Rapidly executed the migration of 2.2 million Bulb accounts (shortly after year end the migration of all 2.5 million accounts was completed, breaking our own industry record for migration speed).
- Completed the Origin Energy (Australia) customer migration of 3.9 million accounts, which was part of an ambitious transformation of its operating model.
- Kicked off the EDF Energy migration to Kraken in the UK shortly before year end, most of which will be completed during FY24.
- Signed a new licensing agreement with Energy Queensland (Australia).
- Developed Kraken Utilities, a new offering that brings Kraken to the global telecommunication and water sectors, building a dedicated team and signing licensing agreements post-year end with Severn Trent, Portsmouth Water, Cuckoo Fibre and Leep Utilities.
- Significantly grown our KTL UK team by 88% to 361 employees (not including subsidiaries).
- Invested in international hubs that develop the platform and are able to service clients in multiple markets. We now have teams in all the European markets we operate in, laying the groundwork to scale rapidly in these markets.
- Developed Ink, our proprietary customer communication tool integrated into Kraken, which enhances client customer communications capability and uses artificial intelligence to greatly increase efficiency of Energy Specialists working with Kraken (see case study on page 10).
- Incorporated a subsidiary in Switzerland as a development hub, following KrakenFlex's asset acquisition of the Depsys GridEye distribution network monitoring platform (now called KrakenFlex Network Intelligence).
- Acquired Electronic Data Interchange (EDI) market interaction module from GridCure which will allow Kraken to bring in-house all market interaction in deregulated US states and help ensure it is a full-stack solution in all the markets we operate in.
- UK industry recognition for our Kraken platform:
  - Named 'Tech Company of the Year' at the British Data Awards.
  - Named a 2022 'Tech Champion' by the Financial Times.
  - Winner of four Stevie International Business Awards, including 'Energy Industry Innovation of the Year' and 'Achievement in International Expansion'.
  - Winner of the 'Sustainable Tech Business Award' at the Go:Tech awards.

KTL delivered on the above while also having to react to changes in national energy policy and regulations due to the energy crisis, such as the successful implementation of the Energy Price Guarantee in the UK with less than one month's notice.

Number of accounts on Kraken platform



Financial review

With the continued growth of accounts on the platform and new customer contracts signed, contracted ARR has increased 59% to £127m at year end. This will continue to grow with the new licensing agreements signed since year end and in our pipeline, and as our clients grow their customer bases organically.

Total revenue (which includes migration fees and performance fees as well as licensing revenue) for FY23 was £101m, down 12% on the previous year. This is in line with budget and due to the timing of large customer migrations for clients causing a dip in migration fees. The majority of fees for the E.ON and Origin migrations were booked in FY21/22 and with the EDF UK migration only just beginning, the resulting migration fees from it will fall in FY24 or beyond.

Operational and financial review (cont.)

Operating profit has decreased to £21m, reflecting:

- lower migration-related fees during this period (as explained above);
- a £9m increase in amortisation, due to increased (capitalised) investment in developing and expanding Kraken's capabilities (£38m in FY23 vs £17m in FY22);
- investing in hiring and retaining world-class talent to grow the business, resulting in an increase in staff costs; and
- driving growth in our pipeline of new licensing agreements by expanding on business development and marketing activities, resulting in an increase in other operating expenses.

Future developments

We continue to invest in building proprietary technology to support growth in accounts on the platform, supplier efficiency, flexibility services, customer service quality and further innovations in generation and supply. Growth in accounts on the Kraken platform will be through both the OEGL's own energy supply businesses in the UK and globally, as well as through new licensing agreements with other energy and utilities suppliers around the world. Since year end, KTL has signed new licensing agreements with Plenitude (part of Eni, one of the world's largest energy companies) and Tokyo Gas (one of the largest utilities in Japan). Our newly launched Kraken Utilities offering has also signed its first four licensing agreements post-year end, including Severn Trent, Portsmouth Water, Cuckoo Fibre and Leep Utilities.

To increase the scalability of the Kraken model, we have launched the Kraken Partnerships Programme. Through it we will upskill partners who are leading experts in business transformation and partner with them to implement Kraken alongside wider transformation programmes, allowing us to roll out Kraken to more clients in less time. To support this, we are developing the 'Kraken Academy' to immerse these and other potential partners in the cultural, operational, and technical aspects of the transformations our clients are undertaking.

Kraken's expansion into utilities, and the full energy stack, offers huge opportunities for growth and will be an area of strategic focus over the coming years.

KPIs

This table sets out our Key Performance Indicators (KPIs) and changes in the last twelve months.

	30 April 2023	30 April 2022	% change
Total accounts live on Kraken platform[1]	21.8m	16.1m	35%
Total customers live on Kraken platform[2]	14.3m	11.1m	29%
Accounts migrated onto Kraken platform[3]	4.9m	7.4m	-35%
Number of employees[4]	361	192	88%
Total revenue	£101.4m	£115.3m	-12%
Total licensing revenue	£53.4m	£34.0m	57%
Contracted annual recurring revenue (ARR)	£127.0m	£79.9m	59%
Total contracted accounts	32.3m	24.3m	33%
EBITDA	£75.9m	£100.4m	-24%

1 Meter points on the Kraken platform at year end including those supplied by OEGL energy supply businesses.
2 'Customer' refers to each property (which could have multiple accounts).
3 Meter points which have been migrated onto the platform during the year.
4 Total number of employees at year end employed by KTL only and does not include employees of subsidiaries.

"Our key decision criterion was proven migration experience, on which no other modern platforms could match Kraken. In the end it was an easy decision for us."

Transformation Director, EDF UK

Spotlight on new technology – Ink and Magic Ink

This year, the Kraken team developed Ink – our new proprietary customer communication tool integrated into the Kraken platform. It sets a new standard in the sector for customer experience and uses artificial intelligence to further increase operational efficiency for Kraken clients, all while building on Kraken's philosophy of privacy and full control of customer data.

Ink is a multichannel asynchronous communication tool that combines all customer contact (email, SMS, WhatsApp and print) into a single timeline along with calls. It gives Energy Specialists a holistic, customer-centric view of all contact with a customer and avoids disjointed parallel communication. Magic Ink is our new embedded AI functionality which assists Energy Specialists to draft customer communications, saving them time and allowing them to focus on more important tasks. The results are game-changing: Energy Specialists using Magic Ink have demonstrated huge efficiency gains, enabling them to deliver an improved service –phone answer times dropped and satisfaction increased. It makes work more enjoyable and less stressful, while increasing productivity.

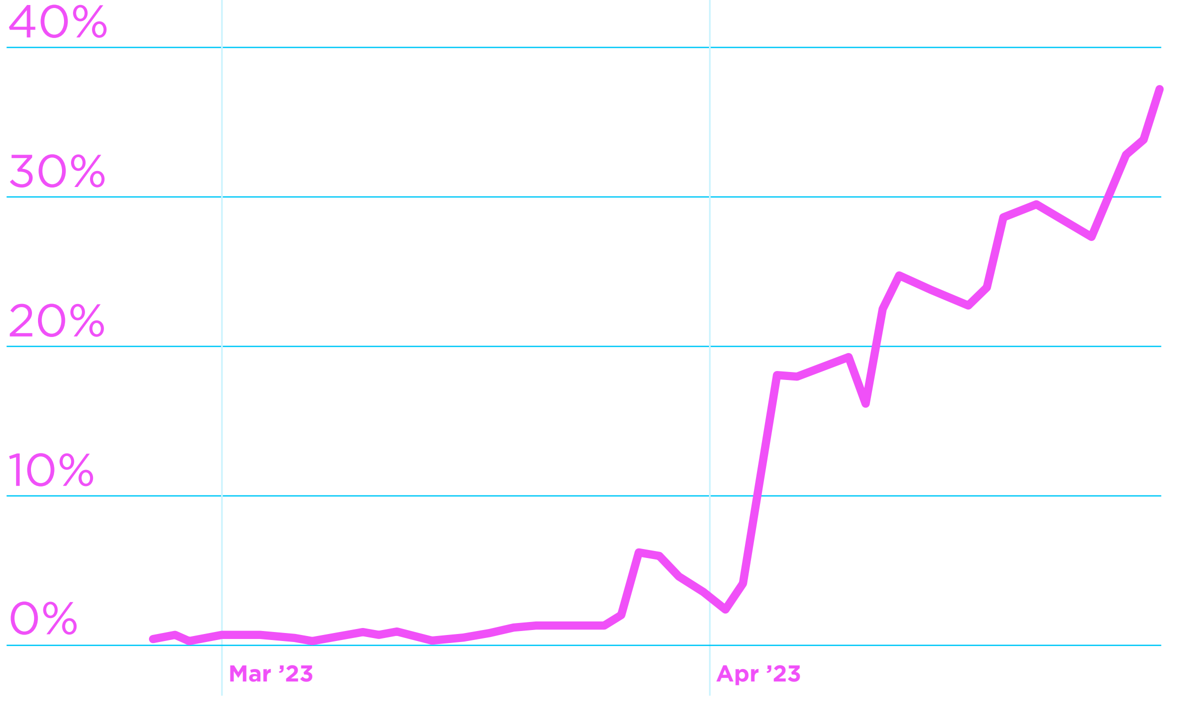
While the ownership and responsibility sits within the UK, the development of Ink is a demonstration of Kraken's capability as an agile global company. After a major period of development by a joint UK-Japan team, it was tested in New Zealand and deployed in two to three months. Subsequently, within one month of launch Magic Ink was helping answer 37% of emails. This leap in functionality and productivity remains true to our core philosophy of customer privacy: we have developed internal large language models (LLMs), only ever working with third parties on aggregated, anonymised data. We are prepared to leverage the benefits of the AI revolution without compromising privacy.

Our clients E.ON and Origin Energy received Ink soon after year end, and it will be the default for all new clients, further enhancing our proposition. Magic Ink will also drive increased ARR as an add-on service for clients.

"Our Median Response Time is the fastest it's been since September last year and our inbox was the lowest it's been in two years!"

Kraken client just five weeks after migrating to Ink

Percentage of Ink messages using Magic Ink



Engaging with our stakeholders

This report sets out how the Directors comply with the requirements of Section 172 Companies Act 2006, including employee engagement, and how these requirements are considered in the Board's decision making throughout the year[1].

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

A director of a company must act in the way they consider to be in good faith and would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the company.

The following paragraphs summarise how the Directors fulfil their duties. In all cases the Board is responsible for setting and monitoring these high standards and receives regular updates for discussion at Board meetings.

Risk management
Risk management is a key function of the Board's role in oversight of the business and Kraken's success in achieving its strategic objectives and mission. The Board regularly reviews risks through the monthly management reporting process and during quarterly Board meetings. The principal risks and uncertainties facing the Company are outlined later in the strategic report on page 16.

1 The Board has mostly consistent Directors/shareholder representation at a Group level and at each key subsidiary and accordingly matters are considered at a Group level or Company level depending on their nature and whether they are common to more than one subsidiary or not. The comments throughout the Annual Report and Financial Statements reflect the activity of the Directors through either the Group or Company meetings and in respect of the activities of the Group or Company as relevant and as appropriate to the matter involved.

Our people

People are the most important part of KTL and the Board is passionate about creating a business which people want to be part of. We treat our employees with the respect they deserve, both for their dedication to developing a revolutionary software platform, as well as the breadth of experiences they share.

The Board puts particular focus on nurturing a culture of autonomy, empowerment and trust, and encouraging straightforward, honest and transparent communication. It monitors employee engagement through regular updates from the Senior Management Team on data from Officevibe (internal employee ratings and feedback) and Glassdoor (external). The Board also maintains its accessibility via ad hoc but regular engagement with the Kraken employee community often in the form of visits to Kraken's London headquarters or regional offices.

KTL is an inclusive business, welcoming applications for employment from anyone, no matter their background. Applications for employment by disabled persons are particularly fully considered, bearing in mind the aptitudes of the applicant concerned. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

All permanent staff own shares or are granted share options in OEGL, so derive added benefit from the ongoing growth and success of the business, helping to align employee values with those of shareholders. Informal, regular access to our senior management team drives accountability at all levels. We achieve this via a number of channels – from open internal messaging to a weekly 'Family Dinner' where all members of staff across the world are invited to the same online meeting. Family Dinner is an important time for the whole Company to learn about the latest business developments, and occasionally members of the Board may also join. During these sessions, employees are encouraged to ask questions directly to the CEO and to celebrate the achievements and challenges of their teams together.

Our customers

Kraken exists to revolutionise the energy and wider utilities sector through the software we license to clients and the Board is committed to executing this. When implementing Kraken, as well as great technology, we also deliver business model transformation which results in improved operating efficiency, greater staff satisfaction and outstandingly positive experiences for end-customers.

Our mantra is to offer straightforwardness and trust by breaking down traditional service barriers, instead championing simple processes and nurturing honest relationships between the team and our clients. The result is closely monitored with dedicated client leads giving regular updates to the Board on customer success and satisfaction. The fundamental principles of pragmatism, simplicity and honesty are ingrained in all areas of the business, including the Board.

Suppliers

We carefully select partners and suppliers to work with on a number of factors including their reputation within their industry and ability to demonstrate care and quality throughout their process. Our onboarding process is grounded in our business and personal principles, including our undertakings and provisions outlined in our Modern Slavery Statement.

Community and environment

The Group is helping the world move towards a decarbonised future, underpinned by renewable power generation. Our technologies support system-wide change to end the world's reliance on fossil fuels. During the period the Company has progressed with its plans to establish itself in the market by growing its development hubs globally and locally to increase its reach and regional expertise. This has helped to accelerate the localisation of the platform in different regions and has allowed access to a wider pool of tech talent.

Ultimate shareholders

We are committed to openly engaging with our shareholders and all shareholder interests are represented at the Company's Board meetings. Our Board comprises representatives from each of our five major external shareholders and convenes formally on a quarterly basis to review business performance and discuss strategic topics and opportunities. In addition to these meetings, the Company provides a monthly financial performance reporting pack to all of our investor shareholders and reserves time with each of them to cover any resulting queries. Finally, the Company maintains ongoing accessibility and engagement with its shareholders via the Investor Relations, Finance and Communications teams.

Engaging with our stakeholders (cont.)

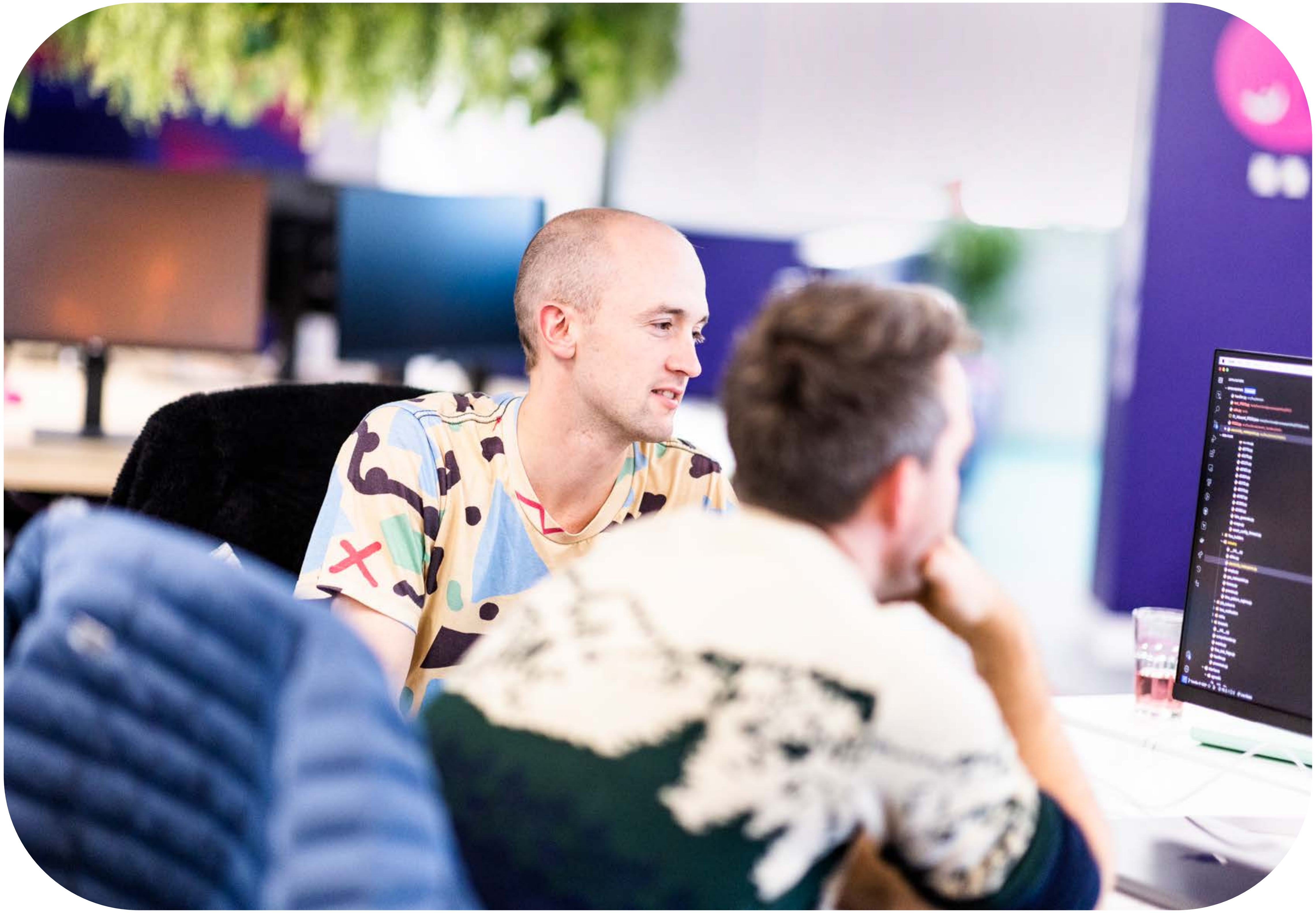
Business conduct
We aim to provide technology to deliver green energy in ways which are economically, environmentally, and socially responsible. The Board is responsible for setting and monitoring these high standards of business conduct, including the culture and reputation of the Company, and receives regular updates at Board meetings from the Senior Management Team. The Senior Management Team is deeply engaged in the detail of the business and relationships with key stakeholders, and it has a fundamental understanding and extensive knowledge of data flows, structures and customer behaviours that underpin the systems.

This sets the expectation across the business that excellent customer service is at the centre of what we do and is borne of a detailed understanding of our value chain and the high ethical and operational standards to which we work. We also apply this philosophy to supplier relationships, which we know work best when there is a deep understanding and appreciation of the activities each party undertakes and the constraints under which they work.

The Company abides by our Modern Slavery Statement and is committed to ensuring that all operations are compliant with relevant laws.

Decisions made by the Board
Decisions made by the Board are outlined in the OEGL Annual Report.

People are the most important part of the Group and the Board is passionate about creating a business which people want to be part of.



Principal risks and uncertainties

The Board and Senior Management Team identify, assess, and manage risks associated with Kraken's business objectives and strategy in the following categories:

Cash flow and liquidity risk

We are a prudently run, profitable and strongly-backed business. KTL manages cash responsibly and has clear sight of expected cash requirements. It is a high gross margin, cash generative business for which existing clients generate stable, predictable income through ongoing licensing of the Kraken platform.

The Company operates a long-range forecast model that generates a rolling forecast for profit and loss (P&L), balance sheet and monthly peak cash (and potential variances to) over the next seven years. Through this, the Company can plan cash flow and funding.

Commercial risk

The Company faces several types of commercial risk in the course of its operations.

1. **Customer concentration risk:** during the period the majority of revenue came from three main clients (including OEGL businesses). We have focused this year on diversifying our customer base and have commenced migrating a fourth material client. Since year end we have also signed three additional major clients and have a pipeline of new client opportunities which will allow us to further reduce this risk.

2. **Competition risk:** from established multinational companies as well as regional and local providers. KTL also faces competition from new entrants who bring niche products to the market. The Company monitors the market regularly to ensure that we are aware of the offerings on the market and that we can maintain our competitive edge.

3. **Intellectual property (IP) risk:** protecting IP is crucial to the success of the Company as any misappropriation or misuse would have an adverse impact on competitive position. This risk is mitigated through strong IP protection provisions in both employment contracts and contracts with counterparties including Kraken licensing agreements.

4. **Global regulations and compliance:** the Company has clients spread globally and must manage an international workforce. KTL prioritises training of employees in the UK and internationally to ensure that they have the knowledge and skills to succeed and provide services to clients across the world.

Cyber security risk

KTL continues to improve its security controls to address both the cyber attacks it detects and cyber risks that are tracked through internal risk management processes. Attacks seen in the year include credential stuffing, Distributed Denial of Service (DDoS) and phishing attacks that are commonplace in many businesses. This is mitigated through continuous improvement and continuous deployment (CI/CD) of updates to the platform, including security updates which put greater emphasis on identity and zero-trust controls. Third-party risk assessments ensure our approach is robust and help us to proactively identify areas of potential vulnerability.

Growth in the number of end-customers on the Kraken platform has resulted in an increase in the amount of data held. Personal data includes data defined as special category data under General Data Protection Regulation (GDPR). KTL takes the risk of a data breach very seriously not only from the perspective of the potential impact on clients through fines and reputational damage, but also the human impact on end-customers. Kraken continues to improve controls around data security with a particular focus on making data retention periods more granular for clients, improving access controls across the application and support services, introducing new data loss prevention controls, and continuing to ensure the auditability of actions involving customer data.

Operational risk

Operational risk, stemming from potential weaknesses or failures in a business's systems and controls, remains a focus in our commitment to sustainable growth. Over the past year, Kraken has continued to fortify its controls and refine processes, placing a particular emphasis on bolstering the integrity and security of our core Kraken platform and business information technology (IT) systems. Rigorous assessments, both internal and external, are conducted regularly to evaluate the potential impact and likelihood of process failures, ensuring a proactive approach to mitigating operational risks.

By subjecting various aspects of our platform and systems to external scrutiny, we aim to identify vulnerabilities and implement robust measures that go beyond industry standards.

In tandem, the Company has a disaster recovery policy and plan tailored to current business requirements. This not only addresses the immediate restoration of IT systems but also encompasses a holistic approach to business continuity, ensuring minimal disruption in the face of unforeseen events. Kraken is committed to staying ahead of emerging threats by embracing industry best practices and fostering a culture of continuous improvement. Kraken employs feedback and lessons from regular audits, reviews, and incident retrospectives, using these insights to continuously refine and improve our systems and processes. This proactive stance positions us to navigate the evolving technology landscape with resilience, fortifying the foundation on which our operational success is built.

While the Kraken application is not dependent on any specific infrastructure (or cloud services provider) to run, it has only been deployed to Amazon Web Services (AWS) to date. This has some risks associated with it which are mitigated through a close supplier relationship with AWS. In addition, if it were necessary then replatforming to another cloud provider would be possible.

Financial risk

KTL operates with many customers and suppliers around the world and conducts business in various foreign currencies. As a result, the Company is exposed to foreign exchange risk, which arises from the potential impact of currency fluctuations on its financial performance and position. The business is planning to implement hedging strategies in the coming financial year to limit this exposure.

Changes in tax rates, tax laws, and the timing and outcome of tax examinations could affect our results of operations. This is mitigated by our Tax team which ensures we are up-to-date and compliant with the applicable tax requirements in the markets we operate in.

Directors' report

Future developments
We have included a statement on future developments in the Strategic Report which you can find on page 8.

Events after balance sheet date
Since balance sheet date, Smart Pear, our Data Communications Company (DCC) which operates a smart adapter communications gateway, has transferred its intellectual property to KTL for £9.4m allowing Kraken to incorporate the offering into its Software as a Service (SaaS) platform.

KTL has also acquired Sennen, a UK-based software company that provides software for renewable energy asset management. The acquisition enables the extension of the Kraken platform into renewable asset management and allows Kraken to serve a new type of client in renewable asset owners and fund managers.

The Company has set up branches in Spain, France and Italy as part of its plan to expand the development of Kraken in Europe and to establish itself in this market.

Research and development activities
We invest in the development of our own technologies and products. Kraken is continuously developing and improving its products to meet the needs of its customers. KTL will make research and development expenditure credit claims where this research and development qualifies.

Dividends
The Directors did not recommend an interim or final dividend to be paid during the period (FY22: £nil).

Engaging with our people and other stakeholders
We have included a statement on engaging with our people and other stakeholders in line with our Section 172 requirements in the Strategic Report, which you can find on page 12.

Financial risk management objectives and policies
The Company has a strict risk assessment and management policy in which the main risks to the business are considered. These include commercial risk, cyber security risk, cash flow and liquidity risk, and financial risk. The Company has policies in place in order to mitigate these risks – for further detail please refer to principal risks and uncertainties on page 16.

Political donations
The Company hasn't made any donations or incurred any expense to any registered UK political party or any political organisation in the UK, EU or elsewhere.

Branches
As of year end, the Group did not have any branches in or outside the UK. Since year end, the Company has set up branches as described above in events after balance sheet date.

Going concern
The Company's financial statements have been prepared on a going concern basis, on the grounds that the Company is profitable and the forecasts and projections demonstrate that the business is able to meet its current and long-term liabilities. Consideration has been given to the current economic climate when assessing the cash requirements of the business.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements.

Directors
The Directors who served throughout the year, and subsequently, were as follows: G Jackson, S Jackson, J Eddison, C Hulatt, S Rogerson, and J Bowie.

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

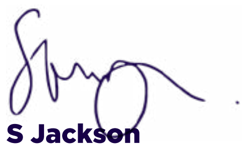
Auditor
Each of the persons who is a Director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:



S Jackson
CFO and Co-founder

21 December 2023
Registered office:
UK House, 5th Floor,
164-182 Oxford Street London,
United Kingdom, W1D 1NN

Directors' responsibilities statement
For the year ended 30 April 2023

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

Independent auditor's report

To the members of Kraken Technologies Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Kraken Technologies Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 30th April 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement;
- the statement of accounting policies; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. This includes the UK Electricity and Gas Acts.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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

- Revenue Recognition – A fraud risk around charges to OEL and/or other Group companies that will have impact on margin was identified. In addition the timing and measurement of revenue recognition for relevant key contracts was considered. We performed a detailed analysis of charges between related parties and challenge management of their accounting treatment of such charges. We also reviewed all material contracts and where appropriate involved our technical specialists to ensure revenue recognition policies were consistent with the applicable accounting framework.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Independent auditor's report (cont.)

To the members of Kraken Technologies Limited

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

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

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

21 December 2023

Statement of comprehensive income

For the year ended 30 April 2023

	Notes	2023 £000s	2022 £000s
Turnover	5	**101,431**	115,259
Cost of sales		**(4,696)**	(4,886)
Gross profit		**96,735**	110,373
Administrative expenses	6	**(75,112)**	(55,075)
Operating profit		**21,623**	55,298
Interest payable to group entities		**(828)**	(5,761)
Profit on ordinary activities before taxation		**20,795**	49,537
Tax credit/(charge) on profit on ordinary activities	9	**(14,632)**	(482)
Profit for the financial year		**6,163**	49,055

All amounts relate to continuing operations.

There is no other comprehensive income or loss and as such no separate statement of other comprehensive income or loss has been prepared.

The notes on pages 28 to 37 form part of these financial statements.

Balance sheet

At 30 April 2023

	Notes	2023 £000s	2022 £000s
Fixed assets			
Intangible assets	10	**67,314**	83,343
Tangible assets	12	**1,335**	488
Investments	11	**13,984**	13,966
		82,633	97,797
Current assets			
Debtors – due within one year	13	**61,475**	9,110
Cash at bank and in hand		**5,948**	13,922
		67,423	23,032
Creditors: amounts falling due within one year	14	**(39,866)**	(18,750)
Net current assets		**27,557**	4,282
Net assets		**110,190**	102,079
Capital and reserves			
Called-up share capital	15	**–**	–
Other reserves	16	**2,604**	656
Profit and loss account		**107,586**	101,423
Total equity		**110,190**	102,079

The financial statements of Kraken Technologies Limited (registered number: 12014731) were approved by the Board of Directors and authorised for issue on 21 December 2023. They were signed on its behalf by:

S Jackson
Director
21 December 2023

Registered office:
UK House, 5th Floor, 164-182 Oxford Street
London, United Kingdom, W1D 1NN

The notes on pages 28 to 37 form part of these financial statements.

Statement of changes in equity

For the year ended 30 April 2023

	Called-up share capital £000s	Share option reserves £000s	Profit and loss account £000s	Total £000s
At 1 May 2021	**–**	**186**	**52,368**	**52,554**
Total profit for the year	–	–	49,055	49,055
Other reserves	–	470	–	470
At 30 April 2022	**–**	**656**	**101,423**	**102,079**
Total profit for the year	–	–	6,163	6,163
Other reserves	–	1,948	–	1,948
At 30 April 2023	**–**	**2,604**	**107,586**	**110,190**

The notes on pages 28 to 37 form part of these financial statements.

Notes to the financial statements

For the year ended 30 April 2023

1. Company information

Kraken Technologies Limited is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is shown on the Company information page. The nature of the Company's operations and its principal activities are outlined in the Directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements accounting and preparation of financial statements

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is pounds sterling (£) because that is the currency of the primary economic environment in which the Company operates.

Kraken is exempt from the requirement to prepare consolidated financial statements on the grounds of satisfying the criteria under FRS102 Section 9.3.

2.2 Financial Reporting Standard 102 – reduced disclosure exemptions

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the following disclosure exemptions available to it in respect of its separate financial statements:

(a) The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
(b) The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d);
(c) The requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
(d) The requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
(e) The requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23, concerning its own equity instruments, as the Company financial statements are presented with the consolidated financial statements and the relevant disclosures are included therein; and
(f) The requirement of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of its parent company Octopus Energy Group Limited as at 30 April 2023, which may be obtained from the registered office UK House, 5th Floor, 164-182 Oxford Street, London W1D 1NN.

2.3 Going concern

The Company's financial statements have been prepared on a going concern basis, on the grounds that the Company is profitable and the forecasts and projections demonstrate that the business is able to meet its current and long-term liabilities. Consideration has been given to the current economic climate when assessing the cash requirements of the business. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements.

3. Significant judgements and estimates

In the application of the Company's accounting policies, which are described below, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. We do not expect future sensitivities for these estimates and therefore no further information has been disclosed.

Key source of estimation uncertainty – useful life of software development costs

The current amortisation period for software development costs is three years, this is management's best estimate of the intangible asset's useful life, over which it is expected to produce economic benefit to us. This useful life has been derived from the analysis of coding data and how often the code needs to be updated. Therefore, this best reflects the development cycle of the updates required on the software.

These estimates are sensitive to the assumptions used in determining the useful life of the intangible asset which is based on the specific product life cycle of Kraken indicated by the period over which the code is being re-written. We do not expect material future sensitivities for these estimates and therefore no further information has been disclosed. Further details on intangible assets can be found in Note 4.5.

Significant judgement – revenue recognition

In recognising the performance fees under the contract, management is required to make a judgement with respect to the expectation of meeting the performance targets. Performance fees are recognised over time based on the expectation of meeting the performance targets at each reporting date. If performance targets are expected to be met, the related fees are recognised as a percentage of completion at the reporting date.

These estimates are sensitive to the assumptions used in determining the portion of revenue to be recognised based on the estimated percentage of project completion at the period end. We do not expect material future sensitivities for these estimates and therefore no further information has been disclosed. Further details on revenue recognition can be found in Note 4.1.

Significant judgement – carrying value of investments

The process for determining whether there is an indication of impairment for the Company's investments in subsidiaries requires management's judgement. The key areas in which management applies judgement are as follows: assessment of whether there are any external indicators of information that the investment's value has declined such as the market value of the business declining more than expected, any significant adverse effects on the entity (economic, technological, or legal), the impact of changes in market rates to the business and if the carrying amount of the net assets is more than the estimated fair value; and whether there is evidence available from internal sources that the economic performance of the investment has deteriorated such as evidence in internal reporting which indicates that the performance of the business is or will be worse than expected. Management has concluded that there were no indicators of impairment in this financial period.

4. Principal accounting policies

4.1 Revenue recognition

Kraken Technologies Limited must make a judgement when recognising revenue to determine whether the performance obligation to its customers has been met or not. Management reviews the progress of performance metrics throughout the contract to ensure the correct revenue is recognised. Further details of the nature of revenue recognition may be found in the relevant accounting policy and notes to the financial statements.

Licensing agreements are in place between Kraken Technologies Limited and its customers, the revenue is recognised as follows:

i. Licence fee

Revenue from licensing represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Revenue is recognised per month per account that is managed on the Kraken platform for the customer.

ii. Migration fee

Revenue from migrating customers onto the Kraken platform is recognised at the point at which the customer is migrated onto the platform as this is the point at which the customer has access to use and benefit from the software. Migration fees represent the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

iii. Performance fee

Revenue is recognised based on contractual milestones achieved throughout the contract term. Where contractual milestones have only been partially met at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the performance obligation at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Notes to the financial statements (cont.)

For the year ended 30 April 2023

4. Principal accounting policies (continued)

iv. Other revenue
Consultancy fees and other fees charged to customers for the Kraken Build, Operate and Transfer (BOT).

4.2 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains or losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time that the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax assets and liabilities are not discounted.

4.3 Fixed assets

Tangible fixed assets are stated at cost, net of any depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the costs or valuation, less estimated residual value, of each asset on a straight-line basis over its useful economic value as follows:

- Furniture: 3–10 years
- IT equipment: 3 years

4.4 Investments

Investments in subsidiaries are carried at cost, less any impairment.

4.5 Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Acquired software costs are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

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

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

The asset will start to be amortised at the point it becomes available for use, over a period of three years on a straight-line basis. This is reviewed for impairment on an annual basis.

4.6 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(i) Financial assets and liabilities
All financial assets and liabilities are initially measured at transaction price (including transaction costs) unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled; b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

4.7 Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets
An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss previously recognised for assets, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets of the CGU.

Financial assets
For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

4.8 Pensions

The Company operates a defined contribution pension scheme for employees and the pension charge represents the amounts payable by the Company to the scheme in respect of the year. These costs are included as part of staff costs (see Note 7) and pension (see Note 7). Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

4.9 Share-based payments

Octopus Energy Group Limited operates an equity-settled, share-based payment scheme, under which the Company receives services from employees as consideration for equity instruments of the parent. The fair value of the employee services received in exchange for the grant of the equity instrument is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted. The fair value of the equity instruments issued is measured using the Black-Scholes model. The share price from the most recent investment round along with the exercise price, the time to expiration, the risk-free rate and a measure of volatility are all input into the Black-Scholes model. The expense for the share options granted is recognised over the period between the grant date and the vesting date of those options, which is the period over which all of the specified vesting conditions are satisfied, adjusted for annual attrition rates. A reasonable allocation is made of the parent company's total expense, considering where each individual's service is rendered, with a corresponding adjustment to equity.

Notes to the financial statements (cont.)

For the year ended 30 April 2023

5. Turnover

	2023 £000s	2022 £000s
Licensing fees	**53,409**	33,991
Performance fees	**26,629**	47,061
Migration fees	**19,244**	33,307
Other revenue	**2,149**	900
	101,431	115,259

6. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2023 £000s	2022 £000s
Wages and salaries	**2,737**	1,822
Depreciation of tangible assets (Note 12)	**175**	80
Amortisation of intangible assets (Note 10)	**54,140**	45,068
Legal and professional	**836**	962
IT expenses	**7,474**	4,964
General and administration	**9,750**	2,179
	75,112	55,075

Amortisation of intangible assets is classified within administrative expenses.

The analysis of auditor's remuneration is as follows:

	2023 £000s	2022 £000s
Fees payable to the Company's auditor for the audit of the annual accounts	**133**	33
	133	33

The audit fees have been allocated throughout the group by Octopus Energy Group Limited.

7. Staff costs

The average monthly number of employees, including executive Directors, during the year was:

	2023 Number	2022 Number
Employees	**265**	142

Their aggregate remuneration comprised:

	2023 £000s	2022 £000s
Wages and salaries	**17,483**	9,004
Social security costs	**1,962**	1,080
Other pension costs (see Note 16)	**797**	437
	20,242	10,521

Included in the above costs, the Company has capitalised £14,463k of salary costs as part of intangible assets (2022: £8,080k).

8. Directors' remuneration and transactions

Directors' remuneration

	2023 £000s	2022 £000s
Emoluments	**173**	163
Company contributions to defined contribution pension schemes	**10**	13
	183	176

Amounts due to Directors are also paid out of other companies. Directors' remuneration is included in staff costs (Note 7).

Remuneration of the highest paid Director

	2023 £000s	2022 £000s
Emoluments	**173**	163
Company contributions to defined contribution pension schemes	**10**	13
	183	176

At the balance sheet date retirement benefits were accruing to 1 Director in respect of defined contribution pension schemes.

One Director was remunerated out of Kraken in FY23. The remaining Directors are either employed by other Group companies or by the Company's shareholders and do not specifically receive any remuneration in respect of the Company.

9. Taxation on profit on ordinary activities

The taxation charge comprises:

	2023 £000s	2022 £000s
Current tax (see note below)		
UK corporation tax on profits for the year	**(2,411)**	–
Group relief (payable)/receivable	**(3,384)**	–
Total current credit/(charge)	**(5,795)**	–
Deferred tax		
Origination and reversal of timing differences	**(6,389)**	149
Adjustments in respect of prior periods	**(2,448)**	(477)
Impact of change in rate	**–**	(154)
Total deferred tax credit/(charge)	**(8,837)**	(482)
Total income tax credit/(charge) recognised in the Statement of Comprehensive Income	**(14,632)**	(482)

Notes to the financial statements (cont.)

For the year ended 30 April 2023

9. Taxation on profit on ordinary activities (continued)

The charge for the year can be reconciled to the profit per the profit and loss as follows:

	2023 £000s	2022 £000s
Profit on ordinary activities before tax	**20,795**	49,537
Tax on profit at standard UK tax rate of 19.49% (2022: 19.00%)	**(4,054)**	(9,412)
Income tax:		
Accelerated capital allowances	**(6,321)**	(7,282)
Disallowed expenses	**(400)**	(210)
Adjustments in respect of previous periods	**(2,449)**	(477)
Group relief received for NIL payment[1]	**-**	17,017
Change in rate from DT to CT[2]	**(1,408)**	(118)
Total income tax credit/(charge)	**(14,632)**	(482)

1 In the previous financial year group relief was at nil consideration, whereas the group tax policy has changed this year and group tax relief will be paid for.

2 The standard rate of tax applied to the reported profit on ordinary activities is 19.49% (2022: 19%). Deferred tax has been calculated at 25% at 30 April 2023 as this rate has been enacted at the balance sheet date, effective from 1 April 2023.

10. Intangible fixed assets

	Software costs £000s	Total £000s
Cost		
At 1 May 2022	144,290	**144,290**
Additions	38,111	**38,111**
At 30 April 2023	182,401	**182,401**
Amortisation		
At 1 May 2022	(60,947)	**(60,947)**
Charge for the year	(54,140)	**(54,140)**
At 30 April 2023	(115,087)	**(115,087)**
Net book value		
At 1 May 2022	83,343	**83,343**
At 30 April 2023	67,314	**67,314**

Note: In Dec 2020 the Kraken asset was transferred from Octopus Energy at a cost of £115m which is being amortised over 3 years with 8 months remaining.

11. Investments

	2023 £000s
At 1 May 2022	**13,966**
Investments during the year	**18**
At 30 April 2023	**13,984**

During the year Kraken registered a new subsidiary in Switzerland (£18k) called Kraken Technologies Switzerland SARL to assist with the development of renewable asset optimising software, which is owned by one of its other subsidiaries, KrakenFlex Limited and is part of the wider Kraken offering.

As mentioned in the critical accounting judgments these investments have been tested for impairment at year end and management concluded that there were no indicators of impairment.

Interests in Group undertakings

The list of all subsidiaries is as follows:

Name	Address of registered office	Nature of business	Interest 2023
Krakenflex Limited	UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN	Other information technology service activities	100%
Smartpear Limited	UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN	Other information technology service activities	100%
Kraken Technologies Japan GK	KDX Hakozaki Building 8th Floor, 41-12 Nihombashi Hakozakicho, Chuo-ku, Tokyo, Japan	Business and domestic software development	100%
Kraken Bilgi ve Teknolojileri Danışmanlık ve Ticaret Ltd.	Yesilce Mah. Emirsah SK. No: 21A Kagithane, Istanbul	Business and domestic software development	100%
Kraken Technologies Switzerland SARL	Route du Verney 20, 1070 Puidoux, Switzerland	Provider of IT engineering services	100%

12. Tangible fixed assets

	IT equipment £000s	Furniture £000s	Total £000s
Cost			
At 1 May 2022	226	348	**574**
Additions	679	343	**1,022**
At 30 April 2023	905	691	**1,596**
Depreciation			
At 1 May 2022	(77)	(9)	**(86)**
Charge for the year	(120)	(55)	**(175)**
At 30 April 2023	(197)	(64)	**(261)**
Net book value			
At 1 May 2022	149	339	**488**
At 30 April 2023	708	627	**1,335**

Notes to the financial statements (cont.)

For the year ended 30 April 2023

13. Debtors

	2023 £000s	2022 £000s
Amounts falling due within one year:		
Trade debtors	**24,993**	335
Other debtors	**23**	6
Prepayments and accrued income	**1,986**	926
Amounts owed by group undertakings	**18,917**	–
Amounts owed by related party	**12,218**	2,225
Accrued income	**3,338**	5,610
	61,475	9,110

14. Creditors

	2023 £000s	2022 £000s
Amounts falling due within one year:		
Trade creditors	**(1,737)**	(306)
Other creditors	**(4,717)**	(4,242)
Amounts owed to group undertakings	**(26,768)**	(13,765)
Taxation and social security	**(3,018)**	–
Accruals and deferred income	**(3,626)**	(437)
	(39,866)	(18,750)

Amounts owed to group undertakings include intercompany loans due to Octopus Energy Group Limited for £11,000k (2022: £13,500k). Interest on the loan accrues on a monthly basis at 10% per annum and is not payable within the year (2022: 10%).

15. Called-up share capital

	2023 £s	2022 £s
Allotted, called-up and fully paid		
Ordinary shares of £1 each	**100**	100
	100	100

16. Share-based payments

Octopus Energy Group Limited operates an equity-settled, share-based payment scheme, under which the Company receives services from employees as consideration for equity instruments of the parent. The fair value of the employee services received in exchange for the grant of the equity instrument is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted. The fair value of the equity instruments issued is measured using the Black-Scholes model. The share price from the most recent investment round along with the exercise price, the time to expiration, the risk-free rate and a measure of volatility are all input into the Black-Scholes model. The expense for the share options granted is recognised over the period between the grant date and the vesting date of those options, which is the period over which all of the specified vesting conditions are satisfied, adjusted for annual attrition rates. A reasonable allocation is made of the parent company's total expense, considering where each individual's service is rendered, with a corresponding adjustment to equity.

17. Retirement benefit schemes

The Company operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company under the control of trustees. Contributions accrue to the scheme for qualifying employees during the dates of their contracts of employment.

Contributions are usually made as a percentage of an individual employee's gross annual salary. The total costs charged to the statement of comprehensive income of £172k (2022: £437k) represents contributions payable to the scheme by the Company.

18. Ultimate parent undertaking and controlling party

The immediate parent company and controlling party is Octopus Energy Group Limited, a company incorporated in the United Kingdom and registered in England and Wales. Copies of these financial statements can be obtained from the registered office Octopus Energy Group Limited, UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN.

Octopus Energy Group Limited is owned by (i) Octopus Energy Holdco Limited (42.28%), which is itself owned by OE Holdco Limited; (ii) OE Holdco Limited (0.18%); (iii) Origin Energy International Holding Pty Ltd (19.28%); (iv) Tokyo Gas United Kingdom Ltd (10.07%); (v) GIM Willow (Scotland) LP (10.21%); (vi) CPP Investment Board (6.47%); and (vii) management and employees via a bare trust arrangement with Octopus Nominees Limited (11.51%). It is the opinion of the Directors that the Group and Company have no single controlling party but that OE Holdco Ltd has significant influence.

19. Related party transactions

The largest group in which the results of the Company are consolidated is that headed by Octopus Energy Group Limited, UK House, 5th Floor, 164-182 Oxford Street, London, United Kingdom, W1D 1NN. Copies of Octopus Energy Group Limited consolidated financial statements can be obtained from UK House, 5th Floor, 164-182 Oxford Street, London W1D 1NN.

The Company has taken advantage of the exemption available under paragraph 33.1A of the Financial Reporting Standard 102 not to disclose related party transactions with other wholly owned members of the group. In accordance with FRS102 the Company is exempt from disclosing transactions with subsidiaries that are wholly-owned by the group.

20. Subsequent events

Since the balance sheet date, Smart Pear, our Data Communications Company (DCC) which operates a smart adapter communications gateway, has transferred its IP to Kraken for £9.4m allowing Kraken to incorporate the offering into its SaaS platform.

KTL has also acquired Sennen, a UK-based software company that provides software for renewable energy asset management. The acquisition enables the extension of the Kraken platform into renewable asset management and allows Kraken to serve a new type of client in renewable asset owners and fund managers.

The Company has also set up branches in Spain, France and Italy as part of its plan to expand the development of Kraken in Europe and to establish itself in this market as a leading software company.

The Directors are not aware of any other matters or circumstances that have significantly or may significantly affect the Company.

Statutory Company information

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KRAKEN