Annual Report 2024

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smartestenergy

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Our purpose

SmartestEnergy is a people-powered energy company on a mission to empower a greener generation. Working with commercial and industrial customers, small to medium businesses, generators, brokers and trading counterparties across our four global businesses, we are driving the net zero transition in the UK, US and Australia.

We are committed to empowering a greener generation, with our innovative energy solutions helping switched on businesses transition to net zero. Our values are at the heart of how we engage with each other, as well as with our customers - we act with integrity and take responsibility for making things happen. As a subsidiary of Marubeni Corporation, we benefit from the support of a global conglomerate, while our regional businesses across three continents benefit from strong collective operations.

- **In the UK**, we offer independent generators a competitive route to market through our Power Purchase Agreements (PPAs), tailored for renewable and flexible assets. With over 20 years of trading expertise, we help generators maximise the potential of their assets.
- **In the US**, we unite people, expertise, and knowledge to drive the market forward, creating an engaged community around innovative energy solutions. Marubeni Corporation's support ensures reliability, strong finances and valuable local insight.
- **In Australia**, our values drive our mission. By prioritising customers, fostering teamwork, innovating for sustainability and taking ownership, we empower the transition to net zero and support the adoption of renewable energy solutions.

As we look to the year ahead and the future beyond, we remain focused on empowering businesses, generators and partners to better understand net zero. With our people driving our flexible business model and innovative product solutions across the globe, we are positioned to drive positive change and support the transition to a smarter energy system.

We invite you to join us on this journey toward a sustainable future, as we continue to lead the way in providing renewable energy solutions and empowering a greener generation.

01
Our year at a glance

Key highlights across our global operations

SmartestEnergy's subsidiary companies across the group increased their contribution to gross profits from 17% to 31%, demonstrating the benefits of our global expansion strategy

SmartestEnergy Limited expanded our European footprint, trading German power and gas on the European Energy Exchange

SmartestEnergy Australia achieved profitability for the first time in FY2023/24, generating £0.9m profit after tax

SmartestEnergy US furthered its expansion into the North American power markets by signing a PPA with ALLETE Clean Energy

SmartestEnergy Business Limited captured increased SME market share by surpassing a milestone of 60,000 business electricity and gas customers

The SmartestEnergy Group achieved inspiring milestones with Ecologi, funding the planting of over 40,000 trees

SmartestEnergy Limited achieved 5th largest business electricity supplier by volume in the UK, doubling it's volume over the past 4 years

SmartestEnergy Australia saw a 55.5% increase in new customers, supporting SmartestEnergy's advancing renewable generation

SmartestEnergy US are live selling in 39 different utilities across 11 states and DC

SmartestEnergy Business Limited launched a fully automated online sign-up application, offering small businesses a fast and simple switching service

Board statement

At SmartestEnergy, we're committed to providing our customers with the products, services and tools they need to make greener energy choices and enable their transition to net zero.

Recent years have presented significant challenges to the energy sector. During financial year 2023-24, a more resilient and less volatile market emerged, driven by decreased power demand, a drop in commodity prices and increased renewable generation. However, geopolitical events continued to shape market dynamics, particularly the Russia-Ukraine conflict and gas supply restructuring efforts to mitigate its impact, as well as persistent challenges with low and negative power prices during non-seasonal weather periods.

As a result of the European market, the Group's gross profit decreased by 14% in comparison to the prior year. However, despite these challenges, we've remained steadfast in our mission to deliver sustainable, flexible and reliable energy solutions for our customers.

We're also encouraged by the continued global growth of renewables. Across Europe, renewable electricity generation rose to 44% of the annual grid mix, an increase from 38% in 2022, marking significant progress in the transition to cleaner energy – a growth we are committed to driving worldwide.

Our overseas expansion continues to play a pivotal role in driving our own 'Global net zero' initiative. We saw our renewables trading team expand their products, markets and customer base in line with our ambition to scale capability, as well as extending our global offering to Marubeni entities and other customers to help them meet their net zero targets.

As a result of this continued growth, the profit contribution from SmartestEnergy Limited's subsidiary companies in the US and Australia increased from 17% to 31%, showcasing the benefits of our ongoing global diversification and expansion strategy.

Looking ahead, we're more determined than ever to lead the transition to net zero. We continue to prove that we can deliver results in both high and low volatility market conditions, as well as consistently supporting our customers through these fluctuations. We're also investing in our people and our IT systems, nurturing a culture of innovation which underpins our growth and continues to drive our global expansion strategy.

These key assets enable us to deliver on our ambition to empower a greener generation. As we move forward, we'll continue to work together to create a cleaner, greener and more sustainable future, helping businesses and independent generators navigate the energy transition.

> "To plan for the future, the Executive Leadership Team has considered SmartestEnergy's goals for the next five years. Our global expansion positions us to meet evolving customer needs while leveraging Marubeni's legacy and our shared commitment to a net zero future
>
> **Naoki Ito, Chair of the Company**

> SmartestEnergy's global footprint provides diversified earnings and establishes a platform to maximise global synergies. This strategic growth enhances resilience, fosters innovation and positions the company to capitalise on emerging opportunities worldwide.
>
> **David Lloyd, Non-Executive Director of the Company**

CEO statement

Over the past 25 years, we've been empowering the transition to net zero by helping businesses, generators and partners to better understand how to navigate the change being driven by country-level net zero targets and global sustainability reporting requirements.

The energy sector has undergone some major changes in our 25-year history, and financial year 2023-24 continued to present challenges as market volatility and geopolitical tension impacted market and operating conditions. Yet, it was also a landmark year with record growth in renewables, rapid expansion of energy storage solutions and stronger global climate commitments brought about by COP29. Throughout it all we've gone from strength-to-strength and proven that we are here for the long-term with a focus on upkeeping and improving the products and services we provide to our customers.

As we continue to develop our asset light global trading hub strategy and expand our overseas footprint across Europe, America and Asia Pacific regions, our customers remain at the centre of everything we do. We understand that every company has unique renewable energy needs and that their path to net zero isn't straightforward, so we've been investing in improving the customer experience we offer by enhancing our digital capabilities and innovating our products and services.

In the UK, we provided renewable energy solutions to a record number of sites and, as a result, our C&I retail market share grew from 5.1% in 2023 to 6.7% in 2024, while our SME retail market share increased from 4.1% to 4.5%. Meanwhile, internationally, we marked significant milestones; securing our first financial Power Purchase Agreement (PPA) transaction in the US in March 2024, and achieving profitability for the first time in Australia, generating £0.9m profit after tax, compared to an £8.7m loss in 2023.

These achievements underscore our commitment to supporting the global energy transition while continuing to deliver value for our shareholder. In this annual report, we reflect on the financial year 2023-24 and the progress we have made in the months since, recapping our business activities and highlighting our key achievements and milestones.

As we look to the year ahead, we remain focused on our growth ambitions and look forward to another year of collaboration, driving meaningful change in the energy sector.

"SmartestEnergy is a people-powered energy company, and our main assets are our people. Over the past year, we have put enormous effort into expanding our capabilities and strengthening our partnerships to support our customers on their journey to net zero. It's through these partnerships and the dedication of our team that we will achieve our strategic goals and move closer to our vision of a 100% renewable energy system that delivers clean energy for all.

Robert Groves, CEO
SmartestEnergy Limited

02 Our international businesses

Global overview

SmartestEnergy is driving the global transition to net zero with a growing international presence. We operate in the UK, the US, Australia and are expanding into continental Europe from 2025.

In the UK, our expert teams at SmartestEnergy Limited and SmartestEnergy Business are enabling an increasing number of businesses to achieve their sustainability goals. This commitment has driven significant growth, positioning us as the 5th and 6th largest suppliers by volume in their respective markets.

In the US, we proudly celebrate five years of operations, actively expanding our reach and leveraging our expertise to drive market growth. Meanwhile, in Australia, we continue to strengthen customer relationships and support their evolving energy needs in a rapidly changing market landscape.

Beyond these regions, we continue to develop our asset light global trading hub strategy. This includes scaling our carbon, power and gas trading operations into continental Europe across the UK, Ireland, the Netherlands and most recently Germany, providing access to new customer opportunities and partnerships across Europe.

We are also exploring a joint venture with Marubeni Power Retail Corporation (MPR) to enter the Japanese electricity market, leveraging our strong trading expertise and MPR's strong market position to capitalise on the evolving Japanese power market.

These strategic initiatives are integral to our global expansion plans and contribute to achieving our five-year targets, driving us ever closer to supporting the global net zero transition.

SmartestEnergy Limited overview

This past year has been both challenging and transformative for SmartestEnergy Limited as the market adjusts to a new normal after years of crisis, but our focus has remained firmly on supporting our customers. We're proud to have achieved significant growth in our UK business, enabling more C&I businesses, generators and asset owners than ever before to achieve their net-zero ambitions.

One of our key milestones this year was our continued overseas expansion, highlighted by successfully trading German power and gas on the European Energy Exchange. This achievement not only solidifies our trading presence in Europe but also reflects our ability to adapt to new markets, enabling us to support a wider range of customers in navigating energy trading complexities.

In partnership with generators, developers and asset owners, our Generation team continue to provide the knowledge, insight and technology to help them manage risk and maximise revenues. A notable example was our partnership with BayWa r.e. UK on the 43.2 MW Broken Cross Wind Farm. By offering a competitive route to market and overcoming complex challenges, we delivered innovative solutions that maximised revenues throughout their CfD journey, bringing enough clean, green energy to power ~36,900 homes.

Meanwhile, our C&I team delivered a record 10.8 TWh of energy to over 2,700 commercial and industrial businesses in 2024. Understanding that every business has unique energy purchasing and sustainability goals, we expanded our product portfolio with the launch of our new traceable renewable supply offering. This innovative product empowers businesses to procure high-quality, fully traceable renewable energy, taking the next step on their sustainability journey.

Moving forwards, we are committed to delivering exceptional value for our customers, with relationships at the heart of everything we do. To further enhance the customer experience, we are making significant investments in our customer platform, as well as in forecasting and pricing systems, streamlining internal workflows and ensuring greater efficiency.

With a steadfast focus on making the net zero transition easier for everyone, we will continue to bring consumers and generators together, helping to create a better energy system for years to come.

> “SmartestEnergy Limited is where it all began for the SmartestEnergy Group, and it is still the largest part of the business. As we deliver new and innovative products, services and solutions, we continue to lead the way for the wider group and drive the net zero transition.
>
> **Robert Groves, CEO**
> **SmartestEnergy Limited**

6.3 TWh
Annual renewable generation volume

10.8 TWh
Annual C&I supply volume

Top 3
Trader of UK certificates

5th
Largest business electricity supplier by volume in the UK

SmartestEnergy Business Limited overview

Similarly to commercial and industrial businesses, UK SME businesses have also continued to face challenges post-energy crisis, with higher costs and barriers to investment in sustainability. However, SmartestEnergy Business have stayed dedicated to providing smarter energy solutions and outstanding customer experience. Through our innovative product portfolio, we empower UK businesses to embrace renewable energy and achieve net-zero carbon emissions.

Our progress is driven by an agile, talented team whose collaborative efforts enabled us to reach a major milestone in 2024: supporting 60,000+ small and medium-sized businesses in making the switch to smarter energy. Trust, reliability and understanding remain the foundation of our approach, fostering strong, loyal relationships with both customers and partners.

We're proud to offer a flagship renewable energy solution that includes globally recognised verification from the Carbon Trust. As one of the few UK energy suppliers ensuring energy is sourced from clean, renewable generation, we provide businesses with the confidence to meet and report on their sustainability targets.

In partnership with Ecologi, we've also advanced our commitment to corporate and social responsibility through a global reforestation initiative. By funding tree planting and impactful climate action projects, we are actively reducing, avoiding and offsetting carbon emissions while fostering the development of local communities worldwide.

5.1%
SME supply market share, ranked 6th

1,847 GWh
Contracted volume

64.1k
Total number of supply points

4.2
Trustpilot score, rated 'Great'

> "I'm pleased to share an update showcasing our strong performance, featuring notable growth and enhanced reputation within the UK energy sector. Despite a rapidly changing market, our dedicated efforts ensure we remain focused on supporting our valued customers and investing in our people, while overcoming challenges and emerging as a more resilient and innovative business.

Louise Wapshare, CEO
SmartestEnergy Business Ltd

SmartestEnergy US overview

Beyond celebrating our 5th birthday, 2024 was another strong year for SmartestEnergy US with significant achievements across all business areas.

Our focus has been on driving operational excellence and delivering commercial product solutions that meet the needs of our generators and retail partners, with a continued goal of expanding our US footprint.

We significantly expanded throughout the New England ISO and grew total delivered load across all North Eastern markets by 67%. This scale of growth has been a huge team effort across Sales, Operations, Trading, Risk, IT and Finance and was underpinned by a truly industry leading Net Promoter Score (NPS) of +68, a record in SmartestEnergy's history. And we're delighted that level of customer and broker satisfaction is accompanied by having been voted No.1 in the DNV's <15 TWh category for pre-sale support, pricing and contracting and post-sale support, as well as ranking in the top two for both 'Overall Satisfaction' and 'Ease of Doing Business' by ERCG.

Our trading desks remain the backbone of market access and financial performance, hitting ambitious targets despite market challenges. Our Origination business has seen material growth too, with high-quality deals including renewable PPAs with Allete Clean Energy, a range of structured deals with thermal generators, expansion of our mid-marketing efforts and an exciting pipeline that reflects collaboration across our wholesale desks and the strength of our balance sheet and analytical capability.

Growth has also been evident in our team, increasing by 18% to 83 employees and, supported by our HR team's unwavering efforts, we continue to attract the industry's best talent.

As we look ahead to 2025, our focus remains operational excellence, with cross business customer experience initiatives and growth in our footprint, which excitingly means taking our exceptional wholesale, retail, origination, battery management capabilities to Texas!

> 2024 was a year of exceptional growth. With +68 NPS, top industry awards and innovative deals, our team's efforts have been extraordinary. In FY2025/26, we'll continue to expand our US footprint with plans to enter ERCOT with leading solutions for commercial retail, origination and wholesale sectors.

Andy Cormie, CEO
SmartestEnergy US

Ranked #1
in pre-sale, pricing and contracting, and post-sale among suppliers with <15 TWh contracted volume by DNV Survey

+68
Industry leading Net Promoter Score (NPS)

39
Live selling in 39 different utilities across 11 states and DC

14.5 TWh
Currently active or future contracted supply volume

SmartestEnergy Australia overview

In 2024, SmartestEnergy Australia saw substantial growth, expanding its renewable energy portfolio and deepening partnerships to grow our customer base by over 55%. Looking to 2025, our focus is on strengthening our market presence, improving customer experiences and empowering more businesses to opt for clean energy solutions to support Australia's transition to a net zero future.

Australia's renewable energy sector is growing rapidly, driven by strong consumer demand and supportive government policies. SmartestEnergy Australia is actively contributing to this transformation by delivering reliable, sustainable energy solutions from independent renewable generators to businesses across the National Electricity Market. As a trusted energy partner, we ensure transparency and credibility in our sustainability efforts by offering businesses verified renewable energy, supported by independently audited and certified renewable labels.

Our asset-light business model, backed by Marubeni Corporation's global expertise, allows us to offer businesses flexible and cost-effective energy solutions. This stability gives our customers confidence in securing long-term energy agreements. Our commitment to customer service is evident in our high Net Promoter Score (NPS) of over +50, reflecting the strong relationships we build with our partners.

SmartestEnergy Australia's expertise in Power Purchase Agreements (PPAs) enables businesses to secure clean energy through tailored contracts.

In 2024, we strengthened our position by continuing to partner with leading renewable energy providers and work with key industry organisations to support sustainable energy practices.

Each partnership and project we pursue contributes to Australia's progress toward a low-carbon future. Our goal is to simplify the transition to clean energy by offering businesses transparent, flexible solutions that help them meet their sustainability objectives. SmartestEnergy Australia remains committed to leading the clean energy transition by providing customer-focused solutions, fostering collaborative partnerships and offering strategies that navigate the complexities of energy markets.

> "In 2024, we welcomed over 55% more customers and helped them purchase more renewable energy than ever before. As we continue to grow, we're more committed than ever to supporting Australia's net zero ambitions. By building strong partnerships, driving sustainable growth and making energy simpler for businesses, we're helping more companies access clean energy and make a real impact.
>
> **Robert Owens, CEO**
> **SmartestEnergy Australia**

1.20 TWh
Total retail energy delivered

719.2 GWh
Retail energy supplied from 100% Renewable or GreenPower products

347.8 GWh
Contracted renewable energy capacity

2,263
Meters supplied

597
Customers across generation and C&I supply

03 Sustainability

Climate-related financial disclosures

In compliance with the Companies Act 2006 we outline below how SmartestEnergy addresses climate-related risks and opportunities.

Governance

Formal governance arrangements are being developed to ensure that SmartestEnergy assesses and manages climate-related risks and opportunities. The Board oversees risk management systems and delegates monitoring and management of climate-related risks to the Risk Management Committee (RMC) which includes senior leaders from key business areas. In addition, Environmental, Social and Governance (ESG) is now a standing item in quarterly Board meetings from April 2024.

Identifying, assessing and managing climate-related risks

This year we conducted a one-off climate risks and opportunities identification and assessment exercise with independent support. A cross-functional working group identified and ranked climate-related risks according to their impact, frequency and time horizon to derive an overall risk rating. Senior leaders outlined controls and mitigation strategies for these climate-related risks and the qualitative impact assessment was reviewed and endorsed by the RMC of SmartestEnergy Limited. Whilst this exercise was carried out at group level, as our approach evolves country-specific climate risks will be considered more systematically in the future.

Integration with overall risk management

Moving forward, we will continue to integrate climate-related risks into our wider risk management process.

Principal risks and opportunities

The key climate-related risks identified in our first analysis process included:

- **Physical risks:** Weather variability and extreme weather events affecting energy generation and infrastructure
- **Transition risks:** Increased competition, slow technology development, changing customer expectations and scarcity of raw materials.

Opportunities identified include market shifts to renewable solutions and innovation in clean energy. These present significant opportunities to expand renewable offerings and develop new products to meet evolving demand.

Scenario analysis and resilience

The climate scenarios developed by the Intergovernmental Panel on Climate Change (IPCC) using socio-economic pathways (SSPs) for physical climate risk and the International Energy Agency (IEA) for transition climate risk were selected as the starting point for the group's climate scenario analysis as they fulfil the climate-related financial disclosure (CFD) requirements.

Metrics and targets

SmartestEnergy currently has no metrics or targets aligned to the climate-related risks or opportunities identified.

We are working towards identifying an integrated ESG strategy with the associated targets for performance reporting.

For further details, please refer to pages 29-32 for the full climate-related Financial Disclosures report.

EcoVadis accreditation

At SmartestEnergy, we're not just helping businesses around the world make the smartest switch to net zero, we're doing it for ourselves too. In 2024, SmartestEnergy was awarded 49/100 in our first ever ESG Sustainability Scorecard assessment with EcoVadis which places us in the 'committed' category.

EcoVadis is a globally recognised provider of sustainability ratings for businesses and it's used by many of our customers. It evaluates companies' environmental, social and ethical performance across four key areas:

- Environment
- Labour and human rights
- Ethics
- Sustainable procurement

The platform enables companies to assess their own operations and those of their supply chain partners, promoting transparency and continuous improvement in ESG sustainability performance.

SmartestEnergy seeks to develop long-term partnerships with customers to help them transition to net zero carbon emissions and a low carbon economy. Our EcoVadis scorecard result demonstrates our success, capability and commitment to sustainability including working towards carbon emission reductions. As a supplier to many large customers which participate in EcoVadis assessments, our results also help them meet their sustainability objectives.

COMMITTED ecovadis Sustainability Rating DEC 2024

> "Our first ever EcoVadis scorecard result demonstrates our success, capability and commitment to ESG sustainability, including working towards carbon emission reductions. This helps to demonstrate to our customers how we can also support them on their own ESG sustainability journey.
>
> Kim Taylor, Global Head of ESG Sustainability

Our carbon footprint

Our annual carbon footprint for FY2023/24 (1 April 2023 - 31 March 2024) has been independently verified by The Carbon Trust using the Greenhouse Gas Protocol* corporate accounting standard methodology developed by the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI).

Our energy usage and emissions data accounts for Greenhouse Gas (GHG) emissions across Scope 1, Scope 2 and Scope 3 (Category 6 Business Travel) using the location-based method, covering our global operations across the UK, US and Australia.

In FY2023/24, SmartestEnergy's total energy consumption was 1,771,163 kWh, resulting in total carbon emissions of 360.1 tCO2e (location based). The largest contributor to SmartestEnergy's GHG emissions is electricity (61.1%), followed by natural gas (28.8%) and business travel – grey fleet (10.1%).

See the full breakdown of our carbon footprint by scope:

Scope	2023-2024 (tCO2e)
Scope 1	135.7
Scope 2 (location-based)	176.7
Scope 1 and 2	312.4
Scope 3 (Category 6) Business Travel where responsible for fuel	47.7
Total Scope 1, Scope 2 and Scope 3 (Category 6) emissions	360.1

We are working towards reducing our carbon emissions and promoting sustainable practices across all areas of our business. Alongside continuous efforts to improve energy efficiency, we take additional steps to mitigate our environmental impact:

- **Renewable electricity:** We purchase renewable electricity for our offices and renewable energy certificates to address any residual volumes under Scope 2.
- **Carbon offsets:** We purchase carbon offsets to account for our business travel – grey fleet emissions (Scope 3), enabling us to achieve carbon-neutral status.

For the third consecutive year, we have purchased offsets supporting the 50 MW Sipansihaporas Hydropower Project in Indonesia. This project has a predicted electricity supply to the grid of 214,800 MWh of zero-emission power annually for the local community. Additionally, the project contributes to several UN Sustainable Development Goals by fostering quality education, providing affordable clean energy, creating local jobs that contribute to economic growth and improving infrastructure.

*Greenhouse Gas Protocol: A corporate accounting standard

Ecologi

Building a greener future in collaboration with Ecologi

We are dedicated to building a greener future and our partnership with Ecologi has been an integral part of this ambition to date, helping us create a meaningful and positive climate contribution.

Through our Ecologi partnership, launched in September 2023, we're helping to reduce carbon emissions through reforestation. We plant trees for our customers who opt for renewable electricity and subscribe to our newsletters, further boosting our efforts with an annual Christmas donation. So far, we have funded the planting of 40,761 trees.

At SmartestEnergy, we recognise the importance of reducing carbon emissions and our carbon footprint across our operations. To date, our partnership with Ecologi has helped us avoid 351.92 tonnes of carbon dioxide equivalent (tCO2e) and remove 27 tCO2e.

Our partnership with Ecologi enables us to support positive environmental change across the globe. Through the funding of trees - nature's most effective carbon capture tools - and by supporting climate projects worldwide, we're contributing to a more sustainable planet.

Through these efforts, we have restored approximately 44.44 m^2 of habitat and supported the conservation of over 73,000 hectares of the Amazon rainforest. Habitat restoration is critical for tackling climate change. Restoring forests and wetlands helps to enhance the capacity of ecosystems to absorb carbon dioxide, increase biodiversity, strengthen resilience against climate-related disasters and deliver benefits such as improved water quality, reduced soil erosion and increased agricultural productivity to both the environment and local communities.

While we've made progress with Ecologi, we know there's more to do. Sustainability is a shared responsibility, and we are committed to supporting our customers with practical, effective energy solutions while being transparent about our own progress.

351.92
tCO2e avoided*

27
tCO2e removed*

40,761
Trees funded*

44.44
m2 habitat restored*

View our forest here:
https://ecologi.com/smartestenergygroup

*These statistics were sourced from an Ecologi report downloaded on 03/03/2025 and cover the period of our partnership to date, from September 2023 to March 2025.

Traceable Supply

We recognise the challenges businesses face in navigating the journey to net zero, where confidence and traceability of renewable power are essential for accurately reporting net zero carbon emissions. To address this need, SmartestEnergy UK launched its new market-leading Traceable Renewable Supply product in 2024 to offer just that; delivering unparalleled transparency and assurance to support businesses on their path to net zero.

Traceable Renewable Supply is an innovative product which allows businesses to better report where their renewable power comes from and meet the requirements of a changing policy landscape. Using the product, businesses can deliver unprecedented transparency through tracing time-based energy consumption at half-hourly granularity, securing renewable electricity from named sources, and reporting their Carbon Free Energy (CFE) score.

As pressure mounts from regulators, investors and consumers to demonstrate their genuine environmental impact and combat greenwashing, Traceable Renewable Supply offers businesses a more transparent way to measure true renewable electricity consumption and better trace its origins, giving greater reassurance to all stakeholders.

Supported by technology from Granular Energy, the leading provider of energy and certificate management software for utilities, our robust and scalable product positions us at the forefront of innovation in the renewable energy sector.

Together, we are empowering businesses to take the next step, helping them to navigate the complexities of the changing policy environment while enhancing their environmental credentials and contributing to a more sustainable energy future.

23%
Increase in CFE score, for one site which was included within the trial

217
Sites included in the trial, representing companies across Real Estate and Higher Education sectors

162.92 GWh
matching across FY23/24

Results from our customer trial

SmartestEnergy has trialed Traceable Renewable Supply with customers, delivering one of the UK's largest-scale examples of half-hourly matching to-date.

Customer testimonials

“Driven by our own commitments, which are aligned to UKGBC guidance, we support the development of higher standards in renewable electricity contracts and reporting. It is essential that organisations enhance energy supply chain transparency and embrace accountability on their journey to reach net zero and the transition to a sustainable future.

David Mead, Associate
Property and Asset Management, JLL

We recognise that annual matching of electricity consumption with renewable generation assets is no longer sufficient to encourage the development of more renewables, so we welcome Traceable Renewable Supply from SmartestEnergy to provide half-hourly matching and drive electricity production further towards genuine carbon neutrality.

Dan Fernbank BSc AMEI
Energy and Sustainability Director,
University of Reading

REGO position paper

Overview

As part of our commitment to drive positive change in the system, we are calling for reform in the industry. At the end of 2024, we published a position paper titled "Hitting reset: reforming Britain's fuel mix reporting to build consumer trust," outlining a critical path forward for reforming the UK's electricity certification scheme. This initiative underscores our dedication to supporting the transition to net zero by empowering consumers and driving necessary investments in clean energy solutions.

The problem

The current fuel mix disclosure system in Great Britain, established nearly two decades ago, is outdated and inadequate. It fails to accurately reflect the evolving energy landscape, leaving consumers with limited information about the true origin of their electricity. This lack of transparency hinders informed decision-making and undermines consumer trust in the country's decarbonisation efforts.

The proposal

To address these shortcomings, the position paper proposes a fundamental shift in the electricity certification process. Key recommendations include:

- **Mandatory issuance and retirement of guarantees of origin**: All electricity producers, regardless of their fuel source, would be required to obtain a certificate of origin for every unit of electricity they inject into the grid. Consumers would then purchase certificates corresponding to the electricity they consume, enabling them to actively choose the origin of their power.
- **Enhanced temporal alignment:** The current system for matching electricity consumption with certificates of origin relies on annual averages, failing to capture the dynamic nature of renewable energy generation and consumer demand. The proposed reforms advocate for a more granular approach, aligning certificate matching with actual electricity flows on a more frequent basis. This would incentivise investments in flexible generation technologies and grid infrastructure, crucial for integrating variable renewable sources and ensuring a reliable and sustainable energy supply.

The benefits

These proposed reforms offer several significant benefits:

- **Increased consumer empowerment:** By providing consumers with greater transparency and choice regarding the origin of their electricity, they can actively participate in the energy transition and support the development of renewable energy sources.
- **Accelerated investment in clean energy:** The enhanced temporal alignment of certificates with electricity flows will incentivise investments in flexible generation, storage and grid infrastructure, enabling the grid to accommodate the increasing share of renewable energy.
- **Enhanced consumer trust:** By providing accurate and reliable information about the origin of their electricity, the reformed system will build consumer trust in the country's decarbonisation efforts and encourage greater engagement in the energy transition.

Timeline for change

2025/26
Implement full production and consumption disclosure

2026/27
Begin quarterly matching

2027/28
Transition to monthly matching

2029/30
Achieve more granular matching (requires technical adjustments to the registry).

04
Our people

Diversity, equity and inclusion

Diversity, equity and inclusion are central to our mission of creating a workplace where everyone feels valued, empowered and supported. By embedding DEI into our culture and business practices, we aim to build a more equitable environment that reflects the diverse communities we serve.

To drive this mission forward, we conducted a comprehensive internal DEI assessment in partnership with Powered by Diversity, achieving a strong 65% employee participation rate. This assessment offered valuable insights into our current state and highlighted key areas for improvement.

Our commitment to DEI is further demonstrated through its integration into our business scorecard, with a 6% weighting within the Employee Engagement section. This year, we focused on education and training, with 70% global uptake of our “Inclusivity and Bias in the Workplace” e-learning module. Additionally, we exceeded our target for hiring managers completing the “Hiring for Success” training, enhancing inclusivity in our recruitment processes.

To further drive positive change, we launched a global Allyship campaign, empowering employees to become active allies and advocates for inclusion.

We continuously monitor our progress through various metrics, including our annual DEI employee survey with Powered by Diversity, where we achieved an overall score of 14.70/20, a 0.36-point increase from 2023. We also conduct regular gender pay gap reporting, with our hourly gender pay gap closing by 1% since last year. Furthermore, we are monitoring progression and promotions for inclusion gaps, recently introducing ethnicity pay gap reporting to ensure equitable compensation across all employee groups.

We recognise that fostering a truly inclusive workplace requires continuous learning and improvement. We will continue to listen to our employees, gather data and take action to create a more equitable and inclusive environment for all.

20%
of our people are members of SmartestBalance steering groups

3,194 views
on #diversityinclusion related resources on our learning site

We began reporting globally on our gender pay gap and will extend this to ethnicity by year end

> “2024 has been a year of exploration and learning. For the first time since the creation of the SmartestBalance initiative, we encouraged our people to engage in a foundational level of DEI learning specific to inclusivity and unconscious bias in the workplace, and we have board-level targets in place to support the closing of our pay gaps.

Claudia McIntosh, DEI Manager
SmartestEnergy Limited

Gender Pay Gap report

SmartestEnergy is a people-powered energy company, and our greatest assets are our people. We are committed to fostering a workplace where fairness and inclusivity thrive, and we are dedicated to creating a more gender-balanced playing field for women in the utilities sector.

We understand that tracking and publishing our gender pay gap is about more than just presenting the numbers. By gathering and analysing this data, we gain valuable insights that enable us to build a meaningful narrative, guide our future efforts and take actionable steps toward closing the gender pay gap.

Whilst we are making progress, we recognise there is still much to do to truly level the playing field. To address this, we are developing inclusive education and recruitment objectives, enhancing internal processes and practices and deepening our ongoing 5-year partnership with the Women's Utilities Network. Together, these efforts aim to create a safe and supportive space for women to openly discuss challenges, collaborate on solutions and lay the groundwork for emerging female leaders in our industry.

“This year, we have reduced our gender pay gap from 23% in 2023, to 22%. It's not the change we would like to see, but there have been some ‘firsts’ for Smartest this year; incorporating gender equality targets into our company scorecard, with objectives around education and inclusive recruitment.

In order to move the dial quicker, we must focus our efforts on attracting women into the business—whether through apprenticeship schemes, grassroots initiatives, further diversifying our hiring pools and shouting about the benefits and opportunities that we offer. We must also consider ways to keep women at SmartestEnergy by paying attention to their training and upskilling needs, listening to their ambitions and ensuring they have a voice and a seat at the table in what is currently a male-dominated space.”

Claudia McIntosh, DEI Manager
SmartestEnergy Limited

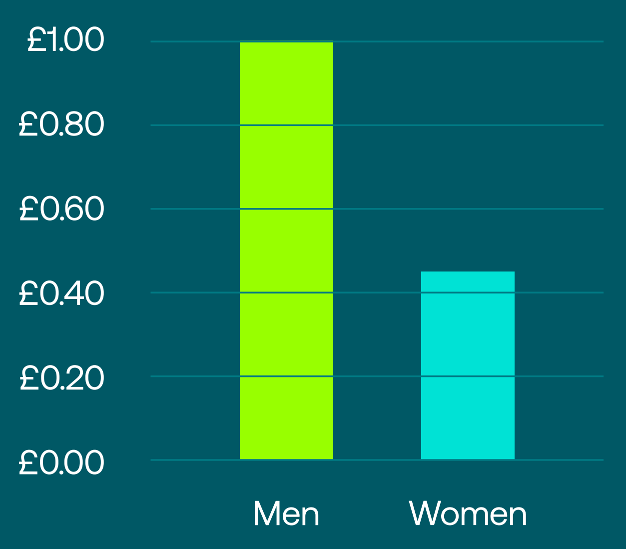
Hourly pay gap

Median		**Mean**
Gender pay gap	Identified median and mean gender **pay gap**	Gender pay gap
27%		22%

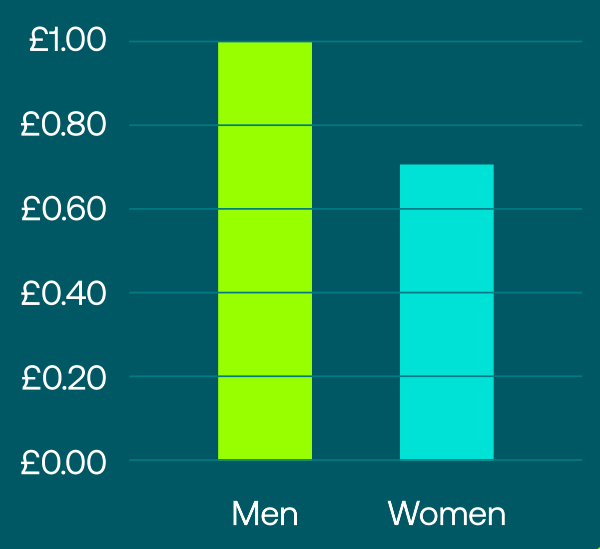
Bonus pay gap

Median		**Mean**
Gender pay gap	Identified median and mean gender **bonus pay gap**	Gender pay gap
3%		53%

Mean bonus pay gap



Median hourly pay gap



Giving something back

At SmartestEnergy, engaging our people in our vision to empower a greener generation and deliver a better future for all is a key priority. Charity and community volunteering are central to achieving this goal, as we encourage employees worldwide to contribute to their local communities where they live and work, no matter how large or small the effort.

In 2024, our newly established Social Sustainability Taskforce introduced new charity and volunteering guidelines to drive activities aligned with our sustainability priorities, including mitigating climate change; promoting renewable energy; fostering diversity, equity and inclusion; developing future science, technology, engineering and mathematics (STEM) skills; and delivering social impact for local communities. These efforts benefit both the local communities we serve and our employees by building team spirit, enhancing wellbeing and inspiring better, greener choices.

This past year, we engaged in a variety of initiatives across our global offices, reflecting our commitment to improving lives, strengthening communities, and protecting the environment.

In the UK, we fostered local community growth at Activ Gardens, supported vulnerable individuals with Suffolk Libraries' Daisy Campaign, and tackled mudsplattered obstacle courses in the Whole Hog Race and Muddy Run Race for Life, raising funds for EACH (a local children's hospice) and Cancer Research. We also partnered with Worthing Business Improvement District for a day of volunteering, enhancing the area with weeding, clearing and painting, driven by a shared determination to make a difference.

In Australia, we supported Movember, raising awareness and funds for mental health, suicide prevention and cancer research by running, walking and growing moustaches. We also participated in Clean Up Australia Day, improving the environment by creating cleaner, greener spaces near our offices.

In the US, despite the challenges of a mostly remote workforce, employees united over the holidays to donate food, gifts and essential items to people in need through the Salvation Army and McMahon Ryan Child Advocacy Center.

By sharing these stories we aim to inspire even greater participation year-on-year, empowering our global workforce to make meaningful local community contributions.

Empowering future generations

Building on our local volunteering and charitable efforts, we are dedicated to fostering a global community of renewable energy champions. Through education and engagement, we aim to create a system that is fairer, greener, more transparent and more impactful - empowering future generations to make sustainable and informed choices.

One way we bring this vision to life is through educational outreach via our Giving Something Back volunteering efforts. Over the past year, two groups of employees identified opportunities to deliver talks to school children about renewable energy, environmental stewardship and the value of STEM skills. As a result of the engagement and feedback received from these two initiatives, we will continue to encourage employees to identify similar opportunities in the future aligned with our charity and volunteering guidelines.

In 2024, two members of our sales team visited a primary school in Essex to help launch their Eco Week. They inspired students during assemblies with engaging sessions on renewable energy. The impact was clear:

> *"We would like to extend our heartfelt gratitude for your eco-assembly on renewable energy. The enthusiasm and passion you shared for sustainability and renewable energy inspired the pupils to think conscientiously about our future, so much so, that I have received a multitude of posters and poems all about renewables!"*
> **said a teacher from the Phoenix Primary School**

Kicking off 2025 on a high note, we collaborated with East London Business Alliance (ELBA) to welcome 30 students from a local all-girls school to our office for an inspiring day of activities and career insights in renewable energy. Employees from a range of senior and junior roles, across HR, sales, trading and more participated, sharing their career journeys and answering students' questions. This initiative not only highlighted the diverse career opportunities within renewable energy, but also underscored our commitment to empowering more women to pursue careers in STEM.

05 Financial statements

Company information

Directors

Robert Groves
Naoki Ito
Tomoki Nishino
Robert Pringle
Takafumi Shigemura
Seiichi Kuwata (resigned 11 April 2024)
Ryuichi Noyama (resigned 11 April 2024)
Satoru Ichinokawa (appointed 11 April 2024)
David Lloyd (appointed 11 April 2024)
Suguru Tsuzaki (appointed 11 April 2024)

Auditors

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Bankers

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Strategic report

The Directors present the Annual Report and the audited consolidated Financial Statements of SmartestEnergy Limited ("SmartestEnergy" or the "Company") and its subsidiary undertakings (collectively referred to as the "SmartestEnergy Group" or the "Group") for the year ended 31 March 2024. The Company is a wholly-owned subsidiary of Marubeni Corporation (the "ultimate parent company"), a company incorporated in Japan.

Group purpose and strategy

The purpose of SmartestEnergy Group is to provide our external market stakeholders with the products, services and tools they need to make greener energy choices and enable their transition to net zero. This purpose drives the Group's strategy, guiding decision-making and ensuring alignment with stakeholder interests.

To successfully plan for the future, the Executive leadership team have carefully considered what we want to achieve in the next 5 years across the global business, leading up to 2030. We have agreed 4 global ambitions which build on our existing vision and purpose to articulate our short and medium term, strategic priorities.

These will provide clarity for key stakeholders on the strategic direction we're taking and the activities we want to prioritise

Our four global strategic company ambitions are:

1. **Global growth and financial performance:** We are a consistently growing and profitable global energy services company with an expanding overseas footprint in Europe, America and Asia Pacific regions.

   We will continue to develop our asset light global trading hub strategy, with SmartestEnergy regional trading entities providing route-to-market services to local energy retail and generation businesses as well as the wider Marubeni group of companies.

   The Group is transitioning to a flexibility backed business model where flexible assets become an integral part of our business model, both for managing risk and diversifying revenue streams as intermittent generation becomes a growing proportion of the grid supply mix in the countries where we are active.

   This growth ambition is also predicated on an efficient operating model providing economies of scope and scale - we are making strategic technology investments, leveraging synergies from global operations and simplifying governance models to deliver this goal.

2. **Transforming the customer experience:** Our customers, brokers and counterparties trust us and our knowledge and expertise, because the experience delivered by our people and our technology is leading and frictionless

   Our customers are at the centre of everything we do. We are investing in our customer experience management framework and digital capability to deliver a frictionless customer experience which differentiates us from our peers.

3. **Sustainability and Net Zero:** We are recognised as leaders and key contributors to the net zero greenhouse gas (GHG) emissions' transition globally; we inspire and enable our stakeholders including the wider Marubeni Corporation to exceed their own carbon dioxide emissions' reduction targets by extending our products and services to Marubeni affiliates and other customers

   We aspire to lead the way on the Net Zero transition through our product offering, ambitious company emissions targets and our passionate and innovate employees who are key assets to enable this ambition.

4. **People and culture:** We attract and retain the best talent. All of our employees feel valued, engaged and connected to our culture, vision, purpose and values.

   As an asset light business, our employees are the true assets which will enable our strategic goals. At Smartest we promote a positive working environment which enables diversity of thought and action. We aspire to be renowned within our industry for developing our people and the opportunities to grow that we offer and a culture which fosters innovation and empowerment.

Principal activities

In line with our corporate purpose SmartestEnergy Group continued to provide its customers with flexible, reliable and creative energy solutions across UK, north-eastern US and Australian markets during the period. This growing global footprint provides geographically diversified earnings streams and establishes a platform to capture value from global group synergies.

The United Kingdom continues to be the most material market for the Group by both customer volume and earnings contribution. In the UK market, SmartestEnergy continues to grow as an asset-light, vertically-integrated electricity company using the UK's wholesale electricity market to procure and sell our electricity volumes: this is in contrast to a traditional vertically integrated electricity company which procures power from a portfolio of owned generation assets.

Our principal activity continues to be the business-to-business (B2B) provision of route-to-market services, whereby we provide electricity purchase agreements to customers in the UK's independent and renewable generation sector and electricity supply contracts to large, business consumers. In the UK, these businesses are now respectively some of the largest players in their target markets.

SmartestEnergy Business Limited (SEBL), a wholly owned subsidiary of the Company. continues to extend the Company's UK B2B supply offering from Commercial and Industrial ("C&I") to also include SME customers giving the Group a full-range business consumer supply offering in its core UK market.

As a provider of power purchase agreements to generators, SmartestEnergy agrees to purchase the power, the renewable benefits and any benefits that might be associated with being distribution connected, generated by our customers. In this niche market, we have established a unique service proposition in the provision of route-to-market services for small-to-medium sized, distribution-connected and largely renewable generators. With industry-leading levels of customer satisfaction, this business is now one of the UK's largest aggregators of power from renewable and distribution-connected generators.

Positioned between the Company's supply and power purchase businesses is a well-established commodity trading capability that trades physical and financial gas, carbon power and renewables certificates. Operating within a tightly controlled risk framework, the Company's trading capability executes hedging transactions in the wholesale markets for all its sales and origination business activities and thereby capturing trader margin from this low-risk flow business.

The SmartestEnergy US business currently supplies nearly 2 TWh of electricity to more than 2,500 customers as well as route-to-market services to a range of other Energy Service Companies. The business also has a growing trading capability in North American energy and renewable certificates wholesale markets.

Our Asia Pacific regional hub, SmartestEnergy Australia has been primarily focussed to-date on serving the local Australian market, purchasing renewable energy and supplying to large business customers across the National Electricity Market (NEM). The business has grown rapidly with nearly 1 TWh of electricity supplied to over 2,000 meter points.

Strategic report (continued)

Business performance review

During 2023, European power markets stabilized with a milder winter and successful demand reduction measures, while geopolitical events and gas supply restructuring continued to influence dynamics. Decreased power demand, a drop in commodity prices, and increased renewables contributed to a more resilient, less volatile market, though challenges persisted with low and negative power prices during abnormal weather periods.

There was considerable progress in the clean energy transition in Europe with 44% of annual electricity production generated by renewables, with fossil generation falling to 32% (relative to 38% and 39% respectively in 2022). A new record of installed renewable capacity was reached in the EU in 2023, with added solar and wind capacity having increased by 14% year-on-year.

Gross profit for the Group has decreased 14% compared to prior year due to the softening European market environment. The contribution from SmartestEnergy Limited's subsidiary companies however increased during the period from 17% to 31% which underlines the diversification benefits of our global trading hub strategy.

In the Company, our core trading business reported a significant gross profit decrease versus the prior year. This can be attributed to narrowing bid-offer spreads reducing value captured from flow trading and fewer opportunities to create value from speculative trading strategies given the relative lower market volatility. Offsetting this downward trading trend was the performance of renewable certificate trading during the period as the profit centre expanded its traded products, markets and customer base as part of a strategic "Global Net Zero" initiative which forms an integral part of our Global Growth and Financial Performance ambition, aiding Marubeni and other entities to achieve their Net Zero ambitions.

Our UK C&I B2B sales business reported a significant increase in gross profit year-on-year as UK market share grew from 5.1% to 6.7% and annual volume increased to 11.1 TWh in line with our overall strategy of realising the benefits of scope and scale as we invest heavily in the customer platform through one of our core strategic projects ("Project Genesis"). This initiative will simplify our Customer Relationship Management ("CRM") system as well as our forecasting and pricing platforms and workflows, significantly improving our customer experience as well as removing friction from internal workflows.

SmartestEnergy Business Limited, our B2B SME Retail business, continued to perform exceptionally well, materially growing its customer base during the period to a market share of 4.5% with 1.7 GWh of contracted volume. Falling wholesale energy costs resulted in a cost of sales benefit which was partially eroded by increased provisioning for bad debt as businesses struggled to adjust to materially higher energy costs post energy crisis.

SmartestEnergy US has continued to grow through organic expansion of wholesale trading, renewable trading and retail sales across the north-east deregulated power markets. Investment has been made in new capabilities to enhance IT systems and processes that position the business for scaling its existing platform and selling new services, including the first financial PPA transaction in March 2024.

2024 was a landmark year for SmartestEnergy Australia as the business reached profitability for the first time, headlined by a £0.9m profit after tax (2023: £8.7m loss). In the context of an increasingly competitive energy market, the business continued to strengthen its position in the Australian energy market, increasing its delivered retail volume to 897 GWh (2023: 371 GWh) and expanding its signed PPA and supply contracts with large Australian entities. The high volatility seen in the Australian energy market in the prior year somewhat subsided, with increased confidence seen from futures clearing house participants towards the back end of the financial year, providing a stronger outlook and opportunity for better hedging mechanisms for the business.

	Group			Company		
	2024	2023	*Change*	**2024**	2023	*Change*
	£000	*£000*	*%*	*£000*	*£000*	*%*
Gross profit	**319,668**	373,583	-14%	**226,216**	310,579	-27%
Profit/(loss) after tax	**117,019**	204,596	-43%	**112,918**	196,163	-42%
Return on capital employed (ROCE)	**32.44%**	42.25%	-9.81%	**38.15%**	44.33%	-6.18%
Return on assets (ROA)	**5.07%**	7.10%	-2.03%	**5.84%**	7.34%	-1.50%

The Group declared and paid dividends to its parent during the period of £124.2m (2023: £nil).

Strategic report (continued)

Sustainability

Climate-related financial disclosures (CFD)

The climate-related financial disclosures made below are in line with the requirements of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022. Although the Group does not fall within scope of the requirement for disclosure in 2024, it is being made as we expect to be in scope in 2025.

a) Describe the governance arrangements to assess and manage climate-related risks and opportunities.

Our approach to governance and risk management is outlined in the corporate governance statement "Principle 4: Opportunity and Risk". At present there are no formal governance arrangements in place specifically in relation to assessing and managing climate related risks and opportunities.

Looking ahead, we are taking steps to enhance governance of climate-related risks and opportunities. For example:

- From April 2024, ESG sustainability is a standing item on the quarterly Board agenda. This enables the Board to hold the company to account to develop the ESG sustainability strategy of which climate-related risks and opportunities will play a key part.
- Once the ESG sustainability strategy and targets and metrics are developed, including climate-related targets, the Board will review progress against these targets at the quarterly meetings.
- SmartestEnergy runs a Board training session annually which provides training on directors' duties and includes climate related matters. Speakers have included independent external experts such representatives from the Cambridge Institute for Sustainability Leadership (CISL).

b) Describe how the company identifies, assesses and manages climate-related risks and opportunities.

During the year we conducted a one-off climate risks and opportunities identification and assessment exercise with independent support. A working group comprising functional stakeholders from across the business was established to agree a shortlist of the potential climate-related risks and opportunities to our business model and strategy across the short, medium and long term. The methodology used required risks to be identified and ranked based on impact, frequency and time horizon to derive an overall risk rating. Senior business leaders were engaged to document current and future potential controls and risk mitigation strategies for these risks. The output included a qualitative impact assessment of these risks which was reviewed and endorsed by the Risk Management Committee.

It is expected that the climate-related risk identification, assessment and impact evaluation processes will be refreshed periodically. Whilst this year's exercise was performed at group level as our approach evolves, climate risks from our operations in Australia and USA will also be included more systematically in future. We will look at both a top down and bottom-up approach so that principal climate-related risks at group level, as well as those arising at functional/departmental levels are integrated.

c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management process.

At present, the process for identifying, assessing and managing climate-related risks is not formally integrated into the overall risk management process. We will look at increasing the integration of climate risks into the wider risk management process as appropriate, ensuring that climate-related risks and opportunities are embedded across strategy and operations.

d) Provide a description of -

(i) the principal climate-related risks and opportunities arising in connection with the company's operations, and

(ii) the time periods by reference to which those risks and opportunities are assessed.

e) Describe the actual and potential impacts of the principal climate-related risks and opportunities on the business model and strategy.

As outlined in our risk management disclosure (b) we undertook a climate-related risks and opportunities identification and assessment exercise for the business this year. The exercise was done on a qualitative basis using a standard risk management framework assessment approach considering impact, frequency and time horizon to assess the overall risk rating (high, medium, low). It involved input from several stakeholders across the business as well as support from a third-party consultancy. The analysis considered three different timeframes, as well as different climate scenarios.

Timeframes

We set our timeframes and rationale as:

Short Term (0-5 years)	Medium Term (5-15 years)	Long term (15-25 years)
Aligned to business planning cycle, reporting to parent company Marubeni and investment process.	Reflects longer lead time to construct/invest in and obtain value from assets.	Aligned to longer term carbon emissions reduction targets with potential formalised science-based targets and alignment with the Paris Agreement at COP21 (2015).

Strategic report (continued)

Scenarios

The climate scenarios developed by the IPCC using socio-economic pathways (SSPs) for physical climate risk and IEA for transition climate risk were selected as the starting point for the group's climate scenario analysis as they fulfil the CFD requirements. IPCC was favoured because it conducts the most comprehensive and up to date modelling of physical climate risk and IEA was selected for the transition risk and opportunity because the IEA is the industry standard for scenarios relating to the energy sector.

The IPCC scenarios have been selected to assess the physical (chronic) climate-related risk affecting the business. The IPCC scenarios are of projected socioeconomic global changes up to 2100:

- Implied temperature rise by 2100 of **<2°C** - IPCC SSP1-2.6
- Implied temperature rise by 2100 of **>3°C** - IPCC SSP 2-4.5
- Implied temperature rise by 2100 of **4°C**+ - IPCC SSP5-8.5

The IEA is the industry standard for scenarios relating to the energy sector. IEA has been used to assess the climate-related transition risk and transition opportunity affecting the business. IEA provides detailed descriptions of the effects of different policy changes that may affect the business:

- Warming trajectory by 2100 of **1.5°C** - IEA Net-Zero emissions (NZE)
- Warming trajectory by 2100 of **2.1°C** - IEA Announced Pledges Scenario (APS)
- Warming trajectory by 2100 of **2-3°C** - IEA Stated Policies Scenario (STEPS)

Principal risks and opportunities

The table below outlines the principal risks and opportunities identified along with details of the timeframes. It also outlines the actual and potential impacts on the business. Each risk maps to a principal risk or uncertainty explained further in the strategic report and Note 20 of the financial statements.

Risk	Explanation and impact	Time Horizon	Overall Risk Rating
Physical risks			
Changes in weather patterns impact energy generation	Increased variability in weather patterns, as per the IPCC SSP3-7.0, may affect energy reliability, both in the short and long-term. Future renewable energy volatility may impact generators' ability to meet contractual obligations.	Medium term (5 to 15 years)	**High**
Severe weather causes damage to infrastructure	Continued global warming will affect major climate system components and lead to more extreme weather events, potentially causing damage to network infrastructure such as wind turbines. Other damage to the grid across the supply chain may also affect our business.	Medium term (5 to 15 years)	**Medium**
Transition risks			
Scarcity of raw materials and rare metals	The accelerated growth of renewable energy is putting raw materials supply chains under strain. A shortage of raw materials and rare metals could lead to a slowdown of renewable energy-based solutions in the market. This could result in a reduction in the overall demand for renewable-based energy generation and PPAs.	Medium term (5 to 15 years)	**Medium**

Strategic report (continued)

Risk	Explanation and impact	Time Horizon	Overall Risk Rating
Transition risks			
Increased competition within renewable energy market	According to the IEA Net Zero Emissions scenario, global renewable energy markets are expected to grow rapidly over the next decade. Whilst this will provide many opportunities for growth, it may also increase the amount of competition in the market. Furthermore, the increasing impact of the climate crisis is likely to encourage further innovation in the sector, which may be disruptive, and is likely to lead to an increase in government support for SMEs developing new energy solutions. This may impact our revenue and business strategy in the medium term.	Medium term (5 to 15 years)	**High**
Advanced technologies required for innovative solutions are not mature or commercially available.	Advanced technologies (e.g. improvements in renewable energy, energy storage, green transition technologies, etc.) required for innovative solutions may not mature at a sufficient rate and remain non-commercially available within our supply chain. Slow deployment of new technologies may impact overall grid demand for renewable energy solutions.	Medium term (5 to 15 years)	**Medium**
Customer expectations with regards to sustainability ratings/standards in choosing an energy supplier	Customer expectation with regards to ESG sustainability ratings/standards in choosing an energy supplier may result in them being more selective with energy providers which have less favourable ESG sustainability ratings. This could increase the cost of compliance.	Short term (less than 5 years)	**High**

Risk	Explanation and impact	Time Horizon	Overall Risk Rating
Transition risks			
Increased requirement of qualified labour to service additional renewable energy assets	The energy transition will drive the development of new products and increasing data and system requirements. This may require increased investment into outdated IT systems, as existing capabilities will not be sufficient to support these changes, as well as an uptake of workforce including highly skilled labour.	Short term (less than 5 years)	**High**
Political uncertainty including phase out of fossil fuels	Political interventions in the market, changes to climate legislation (e.g. phasing out of oil and gas related activities due to international commitments), geopolitical events and other government policy changes could have an indirect impact on our business offering, based on wider impacts to the grid and energy sector. Geopolitical and political decision making could also influence the financial markets and create economic risks through volatile commodity prices, foreign currency and liquidity.	Medium term (5 to 15 years)	**Medium**
Opportunities			
Market transition away from fossil fuel-based solutions to renewable based solutions.	Increased investment into existing technologies and markets for renewables combined with climate policies increasing the phase out of oil and gas related activities will provide various market opportunities. Furthermore, we are likely to see an increase in demand for services during a Net Zero transition as more companies seek to deliver on their Net Zero targets. This presents an opportunity for us to expand our renewables and energy efficiency improvement offering, to meet growing demand from companies seeking out 'greener' solutions.	Short term (less than 5 years)	**High**
Innovation in renewable energy	Development of new low emission goods and services, diversification of supply chains for clean energy technologies and wider innovation in the renewable energy market will likely create opportunities to develop new services and products, based on evolving and increasingly sophisticated customer and market demand.	Medium term (5 to 15 years)	**High**

f) Analyse the resilience of the business model and strategy, taking in account consideration of different climate-related scenarios.

As outlined above, we have used a range of scenarios when considering the climate-related risks and opportunities facing our business. At present our analysis is at a qualitative level only. Based on this and considering the potential impacts on our business model and strategy in the short-term, we believe we are resilient. The opportunities open to us are significant whilst the potential risks are primarily over the medium and long term.

As we develop our ESG sustainability strategy, we will consider the potential climate-related risks and opportunities and ensure that these are appropriately addressed to maximise resilience of our business model and strategy.

g) Describe the targets used to manage climate-related risks and to realise climate-related opportunities and of performance against those targets.

h) Describe the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based.

We currently don't have specific metrics or targets aligned to the climate-related risks or opportunities identified.

As we develop our ESG sustainability strategy we are working towards identifying the associated targets for performance reporting. This process will involve stakeholders across the group and will include identifying targets to manage and measure the potential impacts of climate-related risks and opportunities. It is expected that climate-related targets will include short-term and long-term targets to 2030 and 2040 respectively, in alignment with the expected validation of power companies by the Science-Based Target Initiative (SBTi). The targets can also help assess progress in managing climate risks and opportunities and they will include the relevance of the targets to the future operations of the company. The targets will likely link to other elements of the ESG sustainability strategy once it has been set out, such as any future Net Zero Commitments.

Streamlined Energy and Carbon Reporting (SECR)

The Company is reporting against the SECR framework. The energy usage and emissions data presented below includes international activities in Australia and the United States.

The methodology used is the WBCSD/WRI Greenhouse Gas Protocol: a corporate accounting standard revised edition in conjunction with UK Government environmental reporting guidelines including SECR guidance. An operational control approach has been taken. We have used the UK Government greenhouse gas conversion factors for company reporting 2023. Scope 2 emissions from purchased electricity are reported using a location-based approach, with emissions also calculated using a market-based approach.

SmartestEnergy Limited's total energy consumption for the year is **1,771,163 kWh**, of which **1,619,578 kWh** is related to UK-based sites and activities. This includes the company's electricity and natural gas usage and transport fuels for company cars and business travel in employee-owned cars and hire cars.

The total carbon emissions (location-based) associated with our reported energy use are **360.0 tCO2e (328.1 tCO2e** from UK-based sites and activities), with the following breakdown by scope:

Scope	2022-2023 (tCO2e)	2023-2024 (tCO2e)
Scope 1 emissions	83.4	135.7
Scope 2 emissions location-based	110.0	176.7
Scope 1 and 2 emissions	**193.4**	**312.4**
Scope 3, Category 6 - Business Travel where responsible for fuel	47.3	47.7
Total Scope 1, 2 and 3 emissions (tonnesCO2e)	**240.7**	**360.1**

Our emissions intensity, measured as the total scope 1, 2 and 3 emissions relative to the employee number is **0.58 tCO2e/FTE**. Emissions intensity is also reported against floor area, and for the year this is **47.3 kgCO2e/square metre**. The total greenhouse emissions calculated using a market-based approach for scope 2 are **388.9 tCO2e (367.2 tCO2e** from UK-based sites and activities).

S172(1) statement

The directors, in executing and complying with their duties in the year, have considered how their actions would promote the success of the Group for the benefit of its members. The directors take a long-term view to the decision-making process, allocating resources and investment to business areas which are expected to bring the most benefit to the Group and to the broader Marubeni group of companies.

This is evidenced through continued investment in IT infrastructure to support future development of the business and development of important strategic initiatives in the areas of trading, generation and supply of renewable energy which are aligned to UK and international measures to combat climate change.

Strategic report (continued)

Customers, Strategic Partners and Suppliers Standards of business conduct

The Group is both a significant procurer and provider of renewable energy, playing an active role in the UK renewable power market as a trading counterparty and in ensuring security of energy supply of customers. As such, the directors consider high standards of business conduct to be critical. Substantial focus is placed on strong and professional relationships with the Group's counterparties, including suppliers and customers; uninterrupted operations across the business are fundamental to meeting this objective.

The Group aims to treat our suppliers fairly and pay them within agreed timescales.

Furthermore, customer satisfaction feedback is a key measure of success for the Group, and a management KPI. Annual NPS surveys are sent to all customers, their results collated and analysed by business unit (C&I, Generation, and Third-Party Intermediaries), and results documented and presented to senior management, the results then used as consideration for forward business planning.

Employees

The Group operates a framework for employee information and consultation consistent with legislation to enable the Board and the Executive Team to measure employee sentiment and understand and protect the best interests of employees. This includes the following channels:

- We conduct a global employee engagement survey bi-annually to derive our Employee Engagement Net Promotor Score (eNPS) and this data is analysed at Group, Regional and Functional levels. Each business area reviews its detailed eNPS scores and designs and executes an improvement plan in response to employee feedback. Engagement levels are a key performance indicator on the company Board reporting scorecard which is used to evaluate the performance of the senior leadership team.
- We conduct an annual employee Diversity Equity and Inclusion Health Check assessment survey. The assessment process prompts a guided leadership discussion to evaluate where the company is at with EDandI as an organisation. After the 'all-employee' confidential assessment has completed the results are then shared at all levels and action plans agreed.
- There is a quarterly HR scorecard reported to the Board which supports the monitoring of key people metrics including trends in sickness absence, attrition, recruitment and case management.

In addition to the above we also seek to encourage regular and open two-way dialogue with employees through informal direct engagement with executive directors within day-to-day business operations and we have CEO hosted quarterly business review updates globally whereby employees can ask questions.

As a direct result of this employee engagement and insight we have delivered the following initiatives:

- Defining and communicating our Global Ambitions with People and Culture being one of four core ambitions highlighting the importance of our people in delivering long-term value.
- Defining and communicating our Values-Based Leadership Behaviours framework which was co-created with our people and is being rollout out to all employees in FY24/25.
- Rollout of our Allyship campaign, with core learning modules for all employees on inclusion and bias.
- The mobilisation of four additional employee resource groups (Neurodiversity and Abilities group, Menopause Support and Awareness group, Parents and Carers group and Mental Health First Aiders group), which are guided by a common term of reference. These new groups and all groups within our 'SmartestBalance' programme introduce inclusive initiatives and practices, and influence policy development and implementation.

Community and environment

As the business continues to grow, a key focus for the group has been working towards the identification of an ESG sustainability strategy to contribute to value creation, with an aim to for the business. We aim to future proof the business and set out a strong foundation to underpin our growth ahead of increasing legislative requirements, as well as meet enhanced compliance reporting obligations. A global head of ESG sustainability was onboarded at the end of the financial year and this programme has commenced in 2024.

As a renewable energy provider with influence upstream and downstream in our value chain, we have once again obtained independent assurance to ISO14064 for our global organisational carbon footprint as we strive for the highest standards beyond mandatory compliance. We continue to report on our carbon footprint in our external literature to ensure transparency in our communications with stakeholders and the wider public.

We seek to support the communities in which we operate, and we offer our employees the opportunity to participate in 'Giving Something Back' through volunteering paid leave for employees annually. Employees can undertake individual activity or as part of their teams in the community and participate in related charitable giving.

Standards of business conduct

We are committed to conducting business ethically, with honesty and integrity, and in compliance with all relevant laws and regulations. We do not tolerate any form of bribery, corruption or other unethical business conduct.

Our core values are the drivers behind our decision making and how we shape our business, both internally and externally. Transparency, openness, and proactive compliance are at the heart of all our business decisions and our approach to compliance is of paramount importance to our business and we expect the same from every party we conduct business with.

As well as carrying out robust Know Your Customer checks on third-partes, from time to time we may perform additional due diligence checks seek assurances partners are meeting the high standards we expect. By doing this, we are ensuring a safe environment for our staff, our customers, and the industry. All our staff are required to take and pass bespoke mandatory training, both when joining the company at various points throughout their employment. These courses include modules on GDPR, Modern Slavery, Anti-Money Laundering, The Bribery Act, Competition Law, Anti-Facilitation of Tax Evasion, Cartel and Bid Rigging Prevention, Anti-Corruption and Cyber Security. In addition, all our staff undertake an annual internal Mandatory Compliance Training course, which is based on our internal Compliance Manual.

Our policies and supporting documents provide further guidance and instruction, in line with best industry practice. These policies include rules on accepting and offering Gifts and Hospitality, declaring any Conflicts of Interests, ensuring best practice with Data Protection and highlighting our Whistleblowing processes.

Strategic report (continued)

Principal risks and uncertainties

The Group hedges its commodity price exposure in the wholesale electricity forward market through the over-the-counter derivatives market and commodity exchanges. With this dependency on an external traded market (rather than an internal position generated through vertical integration), the Group's business model is at risk from any regulatory change that might endanger that ability to trade in liquid markets. The Group has implemented a regular review of these risks.

Sales risk

Sales risk emerges from the Group's inability to renew annual sales agreements with existing generation business customers and supply business customers. Sales risk is monitored using a suite of sales related performance indicators that are reported to the monthly Group Executive Committee. The Group monitors customer satisfaction via a suite of third party provided customer satisfaction surveys that externally benchmark the Company's performance. A Pricing Group oversees the Company's price competitiveness in accordance with the Company's Pricing Policy.

Volume risk

The Group transacts with a number of generators and supply customers on the basis of their forecast gross volume, which is the volume the customer expects to generate or consume including adjustment for losses during transmission and distribution. Ahead of delivery these volumes are not known with certainty, given that the generators may generate more or less and consumers demand more or less than these forecasted and hedged volumes. Therefore, whilst the Group can fix the unit price at which it buys or sells with a customer, the realised gain or loss from managing this position is only known once the final metered volumes are determined upon physical settlement and the gain/loss of any difference between the hedged and delivered volumes is known.

As a result, the Group could be at risk of being unable to manage the under/over-delivery of power and renewable volumes between its offtake business customers and supply business customers. A failure to successfully manage this risk could lead to imbalance costs in the physically settled electricity and renewable energy markets and a market price risk created by the difference between the hedged and delivered portfolio positions.

With the growing volume of global intermittent renewable generation, this risk has grown materially in recent years and is expected to develop further in complexity in the UK and in overseas markets as they collectively transition from vertically integrated and hydro-carbon generation to renewable and distribution-connected generation markets. Measures such as organisational change, a dynamic and risk-based customer pricing approach and implementation of more sophisticated hedging products and strategies has significantly reduced the impact of volume risk in the sales portfolio.

Regulatory risk

The energy sector is still recovering from the relatively recent economic and political turmoil in the UK which had led to an increase in the uncertainty in UK energy policy and regulatory backdrop over the last 2 years. In Autumn 2022, the UK government announced a significant intervention in the UK energy market to provide financial support to businesses to combat rising energy prices, via the Energy Bill Relief Scheme ("EBRS") and 1 year later via the "Energy Bill Discount Scheme ("EBDS"), both of which were passed into UK law. These schemes allowed energy suppliers to provide financial support to customers and claim the amounts back directly from the Government. EBRS has now ended, with suppliers in the stages of being officially offboarded from the scheme. EBDS is now in its closing stages, with offboarding due to commence over the coming months.

Wider UK energy market reform continues with schemes, projects and changes in the current pipeline. These include the Review of Electricity Market Arrangements ("REMA"), Market-wide Half-Hourly Settlement ("MHHS"), the Non-Domestic Market Review ("NDMR") and Ofgem's consumer confidence piece, "A Step-Up In Standards". All pose significant strategic considerations for SmartestEnergy and, led by the Compliance and Regulation department, the Company is working closely with UK regulators, industry associations and third-party experts to ensure that the business considers proposed reforms in its long-term strategy to continue to be agile and capitalise from confirmed changes. The Group regularly assesses its compliance with reporting regulations, both internally and externally as the business grows, and new regulations become applicable. This has included updated Senior Management and external auditor reporting.

Other risk

The Group's daily operations are also subject to credit risk, market risk and liquidity risk. A review of each is included in Note 20 to the financial statements.

On behalf of the Board:

Robert Groves
Chief Executive Officer and Director

Suguru Tsuzaki
Chief Operating Officer and Director

Directors' report

Registered No. 03994598

The directors present their report for the year ended 31 March 2024.

Directors

The directors and officers who served during the year were as follows:

Robert Groves
Naoki Ito
Tomoki Nishino
Robert Pringle
Takafumi Shigemura
Seiichi Kuwata (resigned 11 April 2024)
Ryuichi Noyama (resigned 11 April 2024)

Future developments

The Group continues to position itself in the UK and overseas market as a one-stop service provider for all route-to-market requirements that a flexible generator and business consumer might have. The Group is also well-positioned to benefit from the disruption expected from new technologies and the growing impact of intermittent, renewable generation. Following the recent energy market developments, it is clear we need access to flexible assets which can respond to market signals. This will allow us to manage any shortfalls in volumes provided from our generation customers, as well as provide benefits to our flexible customers by supplying additional volumes at precise times into the wholesale marketplace to take advantage of favourable market conditions. Therefore, we will continue to operate as a flexibility-backed, asset-light business.

Financial risk management

The Group finances its activities with a combination of third-party working capital facilities, cash and deposits. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Group's operating activities. The Group also enters derivative transactions, including energy forwards and energy futures to manage the price and volume risks arising from the Group's operations.

Financial instruments give rise to credit, commodity price, volume, and liquidity risks. Details on how these risks arise is set out in Note 20, as are the objectives, policies and processes for their management and the methods used to measure each risk. Volume risk is also discussed within the Strategic report.

The Group hedges its electricity and gas price exposure in the wholesale electricity and gas forward markets using over-the-counter and exchange-traded derivatives such as forwards and futures contracts.

Directors' report (continued)

Events since the balance sheet date

Events since the balance sheet date that would materially affect the financial statements are included in Note 22.

Disabled employees

The Group gives full consideration when shortlisting and interviewing to include all disabled applicants when they meet the minimum requirements for the job.

The Group ensures that staff with protected characteristics (under the Equality Act 2010) has equal opportunities for training, career development and promotion. Staff will be supported on a case-by-case basis by their line manager and Human Resources.

Where existing employees become disabled, the Company will support wherever practicable, continuous employment in the same or an alternative position. Training and equipment will be provided if appropriate and reasonable under the Equality Act to achieve this aim.

Employees

The directors continue to place significant value on the Group's investment in its employees and to ensure that employees are kept informed on matters affecting them, while encouraging all employees to contribute their views on Group's and Company's strategy and performance to management. The Company also operates a compensation approach which allows employees to participate in the ongoing success of the business.

Details of how the directors have considered employees' interests in executing the Group's strategy can be found in the Strategic Report, under the S172(1) section.

Directors' liabilities

The Group has granted an indemnity to its directors and officers against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the Directors' Report.

Political donations

During the year the Group and Company did not make any political donations (2023: none).

Statement of corporate governance arrangements

For the year ended 31 March 2024, under the Companies (Miscellaneous Reporting) Regulations 2018, the Group has applied in full the Wates Corporate Governance Principles for Large Private Companies.

Principle 1: Purpose and leadership

The purpose of SmartestEnergy Group is to enable our external market stakeholders with the products, services and tools they need to make greener energy choices and enable their transition to net zero.

The Board promotes this purpose, alongside the Group's core values of "Think customer", "One team, one future", "Innovate to accelerate" and "Own it", to drive the Group's strategy, guide decision-making and ensuring alignment with stakeholder interests. The Board monitors progress against strategic objectives through assessment against an annual scorecard.

Both the Group's purpose and values are communicated to employees by the CEO during quarterly business wide updates, and more frequently through interactions with the leadership team and communications on the intranet.

Functional and individual priorities and objectives are aligned to the strategy and values, and performance against these are reviewed as part of the Group's performance management process.

Execution of the strategy is underpinned by the Group's four global ambitions, which are explained in more detail in the Strategic Report. Underpinning each ambition is a set of both short-term and longer-term objectives.

The Board has outlined the desired culture in alignment with the Group's values and through the recently established leadership behaviour framework, which is being rolled out across the Group in 2024/25. The Board has delegated responsibility for day-to-day oversight and adoption of this culture to the CEO and Executive Committee.

Culture is monitored on an ongoing basis by the leadership team through review of the bi-annual employee survey and results, review of the annual DEI survey, and monitoring of absenteeism rates and feedback from exit interviews. This information is reviewed by the Executive Committee and forms part of the quarterly presentation to the Board by HR.

Principle 2: Board composition

During the year the Board comprised of seven members:

- Chair (Non-executive Director)
- 3 Executive members: CEO, COO and CTO
- 3 Non-executive members representing the shareholder and wider Marubeni Group

In April 2024, an independent Non-executive Director has been appointed to the Board. This revised mix continues to allow the views of the shareholder to be represented whilst also gaining independent and informed challenge from an external perspective.

There is a clear division of responsibility between the Chair and CEO, whereby the Chair is responsible for leadership of the Board and the CEO is responsible for the day-to-day leadership of the business operations. The Board meets quarterly with an agreed agenda per the Board calendar, and ad-hoc meetings take place as required.

Training and development needs of the Board are regularly reviewed. A Board training day is held annually, in addition to other training opportunities that are available to all members.

The Board has one sub-committee, the Remuneration and Nomination Committee, which is responsible for review and approval of pay and benefit matters, including bonus policy. Its members are a subset of members of the Board.

As part of the wider governance structure, there are two Executive Committees (Group and Company), Risk Management Committee, Financial Reporting Committee and other operational committees. All relevant matters relating to areas including risk management, internal audit, group audit, application and changes to group accounting policies, are reviewed through this wider governance structure in line with the Committee terms of reference and recommendations are made to the Board for approval as appropriate.

Directors' report (continued)

Principle 3: Directors' responsibilities

Marubeni Group sets policies for its subsidiaries to support good corporate governance. In addition, there are several business specific policies that ensure good management throughout the business, and these are reviewed annually.

Committees within the governance framework are established with terms of reference to ensure decision making and accountability is clear and well-understood. Terms of reference for all committees are regularly reviewed to ensure they remain fit for purpose, are adapted to promote good corporate governance and meet the requirements of the Group as it evolves.

The Board, through the Company Secretary, maintains a Conflicts of Interest Register in line with the Conflicts of Interest Policy.

The Board maintains an annual calendar to ensure that topics requiring consideration are on the quarterly meeting agenda. Accurate, complete and relevant management information is provided to the Board in a timely manner, in a form and of a quality, monitored by the Company Secretary, appropriate to enable it to discharge its duties. In particular, the Board receives information on Group performance, strategy, risk, regulation and compliance, operational matters and sustainability.

Principle 4: Opportunity and risk

The Board is responsible for review and approval of all material strategic initiatives through the approval of the 5-year plan (updated annually) and on an ad-hoc basis if an opportunity is identified by the business. Further approval is required from the shareholder if the total investment value exceeds group established limits. In addition, key business strategies such as Trading, Sales and IT are presented to the Board throughout the year.

The Board has overall responsibility for the internal control framework and risk management systems. This includes reviewing the effectiveness of the control processes and ensuring the identification, assessment, and ongoing monitoring of risk which may include some climate-related risks. The Board delegates monitoring and management of these risks to the Executive Committees, with further delegation to the Risk Management Committee. The Risk Management Committee meets monthly and comprises the COO and senior business leaders representing key business areas including Risk, Trading and Sales.

Management and staff have the primary responsibility for owning and managing risks. Oversight of the effective operation of the internal control framework is supported by the Risk Management Committee. Adequacy and effectiveness of the framework is monitored by the internal audit function.

In 2024/25 the Group is implementing a comprehensive risk and control framework, comprised of a robust Enterprise Risk Management and control processes which will provide the Board with appropriate oversight of key principle and emerging risks. This will be further enhanced through the development of a framework for confirmation of effectiveness of the material controls against those risks.

Principle 5: Remuneration

Director remuneration is set by the parent company, Marubeni Group, in accordance with its remuneration policy.

For senior management and other employees there is a comprehensive approach to remuneration throughout the organisation, aligned to an approved remuneration structure. This process is closely managed by the HR department, with oversight by the Remuneration Committee. Advice from external consultants is obtained when required, for example this year the Company has engaged with market-leading consultants to build out a Job Architecture framework.

The Remuneration Committee monitors the remuneration structures to ensure that they are clear and are aligned with the Company's purpose, values and culture, and the delivery of strategy to support long-term sustainable success. The bonus policy is reviewed and approved by the Board annually. The bonus reward scheme considers performance and progress against strategic objectives, in addition to personal performance.

Principle 6: Stakeholder relationships and engagement

The Board has a responsibility to set and maintain a culture, values and standards that ensure that the Group's obligations to its stakeholders are understood and met.

Further detail on how the Board has engaged with stakeholders and had regard to their views when taking decisions is outlined in the s172 statement.

Going concern

SmartestEnergy's business activities are set out in the 'principal activities' and 'business review' sections above. The notes to the financial statements also include the Group's policies with respect to the management of the principal risks facing the Group. SmartestEnergy meets its day to day working capital requirements through several committed and uncommitted loan facilities.

In accordance with the Marubeni Group policy from April 2014 the Company joined the Cash Management System of Marubeni Finance Europe ("MAFE"), a Marubeni Group company. As of 31 March 2024, MAFE had made available a committed revolving credit facility to the Company of up to £392 million to the end of March 2027, in addition to a parent company guarantee interchange facility of up to £120 million. In June 2024, MAFE extended the committed revolving credit facility to the Company to £591 million to the end of March 2029, and revised the parent company guarantee interchange facility to £100 million.

The Company also has access to up to £50 million of uncommitted facilities arranged with Sumitomo Mitsui Trust, MUFG and Mizuho.

These facilities are regularly reviewed, and stress tested based on numerous extreme market and business event scenarios to ensure the Company is adequately funded to meet its liabilities as they fall due even in the case of an unexpected market "shock" event or prolonged period of extreme market prices and volatility.

In response to the recent volatility in energy prices, the directors have requested regular reporting including robust analysis of forecast future cash flows, taking into account the potential impact on the business of possible future scenarios arising from the impact of future energy price rises. This analysis also considers the effectiveness of the available facilities to assist in mitigating the impact.

The Group has also received a Parental Letter of Support from Marubeni Corporation which outlines their commitment to support the Group in meeting its liabilities, if and when the Group cannot meet them itself. By issuing this letter of support, the parent company has confirmed its ability to provide financial support to the Group, and that it will provide such support until at least 31 March 2026. Through inquiries with the parent company to understand available liquidity, the directors have assessed the parent company's financial ability to provide this support.

With the above facilities in place and having received the Parental Letter of Support from Marubeni Corporation, the directors have taken the measures necessary to give themselves a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for at least 12 months from the signing of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors' report (continued)

Environment

Please refer to the sustainability section in the Strategic Report.

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Ernst and Young LLP have expressed their willingness to continue in office as auditors. In accordance with section 485 of the Companies Act 2006, a resolution to reappoint Ernst and Young LLP as auditors will be put to the Board of Directors.

Information in Strategic Report

Information on principal activities, business review, dividends, and principal risks and uncertainties of the Group are not shown in the Directors' Report but are instead disclosed in the Strategic Report.

On behalf of the Board:

Robert Groves
Chief Executive Officer and Director

Suguru Tsuzaki
Chief Operating Officer and Director

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable United Kingdom 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 Group and Parent Company financial statements in accordance with UK-adopted international accounting standards ("IFRS"). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Parent Company and the profit or loss of the Group and the Parent Company for that period.

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

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimate and Errors and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Parent Company financial position and financial performance;
- in respect of the Group and Parent Company financial statements, state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business;
- ensure that the consolidated financial statements, prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and financial results of the Parent Company and undertakings included in the consolidation taken as a whole; and
- ensure that the annual report, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Parent 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 Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and Directors' Report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Independent Auditor's Report

To the members of SmartestEnergy Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMARTESTENERGY LIMITED

Opinion

We have audited the financial statements of SmartestEnergy Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 March 2024 which comprise the Consolidated and Company Statements of Comprehensive Income, Consolidated and Company Statements of Financial Position, Consolidated and Company Statements of Changes in Equity, Consolidated and Company Statements of Cash Flows, and the related notes 1 to 22, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 March 2024 and of the group's and parent company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to other entities of public interest, 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. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included:

- Confirming our understanding of management's going concern assessment process. We also engaged with management early to ensure all key risks and factors were considered in their assessment.
- Obtaining management's going concern assessment which covers at least 12 months from the date of signing of the financial statements.
- Considering the appropriateness of the methods used to calculate the forecast for the parent company including through stress testing scenarios and by comparing actuals with forecasts.
- Verifying the credit facilities from other group companies available to the parent company.
- Obtaining a letter of financial support from Marubeni Corporation that assists in meeting the liabilities as and when they fall due if needed for at least 12 months from the date of signing of the financial statements.
- Evaluating Marubeni Corporation's ability to support the group by assessing the forecast prepared by Marubeni group management including applying downside sensitivities to their forecast.
- Reading the going concern disclosures included in the financial statements in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

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 group and parent company's ability to continue as a going concern for a period of 12 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

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 this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 22, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent 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.

Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are reporting frameworks (IFRS, the Companies Act 2006) and relevant tax compliance regulations in the jurisdictions in which the group operates.
- We understood how SmartestEnergy Limited is complying with those frameworks by making enquiries of those charged with governance, management and those responsible for legal and compliance procedures. We corroborated our enquiries through reading board minutes held during the year, up to the auditor's report date.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of improper journal entries within revenue and net trading income through management override of controls and unauthorised trading to be fraud risks. Based on this, we carried out substantive procedures over derivative transactions by tracing to source documentation along with obtaining independent confirmations and assessing the valuation of derivatives on a sample basis. We incorporated data analytics over the entire population of revenue and net trading income and further performed supplemental testing of journal entries focusing on high-risk manual postings. For selected transactions, we carried out substantive procedures by tracing to source documentation.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved performing inquiries to legal counsel, group management and internal audit. For any potential non-compliance matter, we obtained and evaluated management's assessment and involved EY specialists, where appropriate. In addition, we completed procedures to conclude on the compliance of the disclosures in the annual report and accounts with applicable requirements.

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

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.

Kiran Jamil (Senior statutory auditor)

for and on behalf of Ernst and Young LLP, Statutory Auditor

London
6 December 2024

Consolidated and Company Statements of Comprehensive Income

For the year ended 31 March 2024

Registered No. 03994598

		Group		Company	
		2024	2023	2024	2023
	Notes	*£000*	*£000*	*£000*	*£000*
Revenue	2	216,976	338,532	242,429	356,648
Net trading income	2	283,162	340,322	185,090	277,246
Cost of sales	3	(180,470)	(305,271)	(201,303)	(323,315)
Gross profit		**319,668**	**373,583**	**226,216**	**310,579**
Administrative expenses	3	(150,570)	(118,470)	(70,880)	(65,248)
Operating profit		**169,098**	**255,113**	**155,336**	**245,331**
Interest income	6	4,849	1,645	3,803	1,167
Interest expense	6	(17,475)	(6,759)	(8,743)	(3,370)
Profit before taxation		**156,472**	**249,999**	**150,396**	**243,128**
Income taxes	7	(39,453)	(45,403)	(37,478)	(46,965)
Profit for the financial year		**117,019**	**204,596**	**112,918**	**196,163**
Other comprehensive income *Items that may be reclassified to profit or loss:*					
Exchange differences on translation of foreign operations		549	116	–	–
Total comprehensive income		**117,568**	**204,712**	**112,918**	**196,163**

The accompanying notes form an integral part of the financial statements.

Consolidated and Company Statements of Financial Position

as at 31 March 2024

Registered No. 03994598

		Group		Company	
		2024	2023	2024	2023
	Notes	*£000*	*£000*	*£000*	*£000*
Non-current assets					
Property, plant and equipment	8	9,698	6,927	7,495	3,755
Intangible assets	9	24,581	19,609	11,902	8,030
Goodwill	9	11,846	11,846	–	–
Non-current derivative financial assets	13	348,241	433,278	242,317	367,366
Other non-current assets	11	10,181	12,680	2,171	2,337
Investments in subsidiaries	10	–	–	27,980	27,980
Deferred tax asset	7	–	4,218	–	791
Total non-current assets		**404,547**	**488,558**	**291,865**	**410,259**
Current assets					
Trade and other receivables	12	761,261	846,822	604,534	726,353
Income tax receivable		8,207	2,277	–	–
Other current assets	11	266,559	118,586	220,799	90,123
Current derivative financial assets	13	698,259	974,461	594,895	899,831
Cash and cash equivalents	13	23,507	24,830	14,533	12,530
Total current assets		**1,757,793**	**1,966,976**	**1,434,761**	**1,728,837**
Total assets		**2,162,340**	**2,455,534**	**1,726,626**	**2,139,096**

Consolidated and Company Statements of Financial Position (continued)

as at 31 March 2024

Registered No. 03994598

		Group		Company	
		2024	2023	2024	2023
	Notes	*£000*	*£000*	*£000*	*£000*
Equity					
Share capital	17	6,667	6,667	6,667	6,667
Share premium	17	2,600	2,600	2,600	2,600
Retained earnings		252,997	260,204	263,323	274,631
Foreign exchange reserve		751	202	–	–
Total equity		**263,015**	**269,673**	**272,590**	**283,898**
Non-current liabilities					
Non-current derivative financial liabilities	13	205,060	291,283	130,058	242,944
Provisions	16	507	247	449	196
Other non-current liabilities	15	51,377	41,548	3,301	26,346
Deferred tax liability	7	1,359	1,039	721	–
Total non-current liabilities		**258,303**	**334,117**	**134,529**	**269,486**
Current liabilities					
Trade and other payables	14	771,364	705,903	630,366	644,940
Income tax payable	7	1,113	15,857	1,113	10,015
Current derivative financial liabilities	13	554,320	849,928	474,467	776,689
Other current liabilities	15	310,093	276,680	213,561	153,721
Provisions	16	4,132	3,376	–	347
Total current liabilities		**1,641,022**	**1,851,744**	**1,319,507**	**1,585,712**
Total equity & liabilities		**2,162,340**	**2,455,534**	**1,726,626**	**2,139,096**

The accompanying notes form an integral part of the financial statements.The financial statements were approved and authorised by the board of directors on 4 December 2024, and were signed on its behalf by:

Robert Groves
Chief Executive Officer and Director

Suguru Tsuzaki
Chief Operating Officer and Director

Consolidated Statement of Changes in Equity

as at 31 March 2024

	Share capital	Share premium	Retained earnings	Foreign exchange reserve	Total
	£000	*£000*	*£000*	*£000*	*£000*
At 31 March 2022	**6,667**	**2,600**	**55,608**	**86**	**64,961**
At 1 April 2022	6,667	2,600	55,608	86	64,961
Profit for the financial year	-	-	204,596	–	204,596
Other comprehensive income	-	-	-	116	116
Total comprehensive income for the year	-	-	204,596	116	204,712
Dividends paid	-	-	-	-	-
At 31 March 2023	**6,667**	**2,600**	**260,204**	**202**	**269,673**
At 1 April 2022	6,667	2,600	260,204	202	269,673
Profit for the financial year	-	-	117,019	-	117,019
Other comprehensive income	-	-	-	549	549
Total comprehensive income for the year	-	-	117,019	549	117,568
Dividends paid	-	-	(124,226)	-	(124,226)
At 31 March 2024	**6,667**	**2,600**	**252,997**	**751**	**263,015**

The accompanying notes form an integral part of the financial statements.

Company Statement of Changes in Equity

as at 31 March 2024

	Share capital	Share premium	Retained earnings	Total
	£000	*£000*	*£000*	*£000*
At 31 March 2022	**6,667**	**2,600**	**78,468**	**87,735**
At 1 April 2022	6,667	2,600	78,468	87,735
Profit for the financial year	-	-	196,163	196,163
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	196,163	196,163
Dividends paid	-	-	-	-
At 31 March 2023	**6,667**	**2,600**	**274,631**	**283,898**
At 1 April 2023	6,667	2,600	274,631	283,898
Profit for the financial year	-	-	112,918	112,918
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	112,918	112,918
Dividends paid	-	-	(124,226)	(124,226)
At 31 March 2024	**6,667**	**2,600**	**263,323**	**272,590**

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 March 2024

	Notes	2024 £000	2023 £000
Cash flows from operating activities			
Profit for the year		117,019	204,596
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Income taxes	7	39,453	45,403
Depreciation and amortisation	8,9	6,747	6,570
Fixed asset impairment	8,9	489	148
Bad debt provision	12	38,170	28,922
Provisions for liabilities	16	763	2,330
Interest income	6	(4,849)	(1,645)
Interest expense	6	17,475	6,760
		215,267	293,084
Movements in working capital:			
Decrease/(increase) in trade and other receivables	12	49,442	(444,458)
Decrease/(increase) in other assets	11	(145,470)	52,968
Increase/(decrease) in trade and other payables	14	(74,521)	224,267
Increase/(decrease) in other liabilities	15	33,790	36,876
Interest received	6	2,270	1,209
Interest paid	6	(13,380)	(5,287)
Income tax paid	7	(55,469)	(36,995)
Decrease/(increase) in derivatives	13	(20,784)	(165,728)
Net cash provided by (used in) operating activities		(8,855)	(44,064)

	Notes	2024 £000	2023 £000
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(1,711)	(1,355)
Purchase of intangible assets	9	(9,569)	(2,557)
Net cash provided by (used in) investing activities		(11,280)	(3,912)
Cash flows from financing activities			
Repayments of short-term borrowings	14	(15,000)	(21,361)
Proceeds from loans from Group companies	14	158,467	67,809
Repayment of principal on lease liabilities	15	(1,055)	(1,326)
Dividends paid	17	(124,226)	-
Net cash provided by (used in) financing activities		18,186	45,122
Net increase/(decrease) in cash and cash equivalents in the period		**(1,949)**	**(2,854)**
Cash and cash equivalents, beginning of period		24,830	27,807
Exchange gain/(loss) arising from translation of foreign operations		626	(123)
Cash and cash equivalents, end of period		**23,507**	**24,830**

The accompanying notes form an integral part of the financial statements.

Company Statement of Cash Flows

for the year ended 31 March 2024

	Notes	2024 £000	2023 £000
Cash flows from operating activities			
Profit for the year		112,918	196,163
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Income taxes	7	37,478	46,965
Depreciation and amortisation	8,9	2,934	3,030
Fixed asset impairment	8,9	650	-
Bad debt provision	12	3,904	9,347
Provisions for liabilities	16	(347)	(940)
Interest income	6	(3,803)	(1,167)
Interest expense	6	8,743	3,369
		162,477	256,767
Movements in working capital:			
Decrease/(increase) in trade and other receivables	12	143,996	(333,930)
Decrease/(increase) in other assets	11	(130,506)	75,253
Decrease/(increase) in intercompany receivables	12	(24,013)	(1,558)
Increase/(decrease) in trade and other payables	14	(143,140)	197,769
Increase/(decrease) in other liabilities	15	59,393	3,906
Interest received	6	1,224	1,209
Interest paid	6	(5,053)	(3,395)
Income tax paid	7	(44,868)	(38,557)
Decrease/(increase) in derivatives	13	14,685	(161,067)
Net cash provided by (used in) operating activities		34,195	(3,603)

	Notes	2024 £000	2023 £000
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(1,476)	(275)
Purchase of intangible assets	9	(5,307)	(502)
Cash loans issued to Group companies	12	(16,000)	-
Repayment of loans from Group companies	12	16,000	10,000
Net cash provided by (used in) investing activities		(6,783)	9,223
Cash flows from financing activities			
Repayments of short-term borrowings	14	(15,000)	(10,000)
Proceeds from loans from Group companies	14	114,323	-
Repayment of principal on lease liabilities	15	(506)	(730)
Dividends paid	17	(124,226)	-
Net cash provided by (used in) financing activities		(25,409)	(10,730)
Net increase/(decrease) in cash and cash equivalents in the period		**2,003**	**(5,110)**
Cash and cash equivalents, beginning of period		12,530	17,640
Cash and cash equivalents, end of period		**14,533**	**12,530**

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

for the year ended 31 March 2024

SmartestEnergy Limited ('the Company') is a vertically integrated electricity company using the UK's wholesale electricity market to procure and sell electricity volumes. The Company also has investments in subsidiaries that operate in the UK, USA and Australia (Note 10). The Company and its subsidiaries are collectively referred to hereafter as 'the Group'.

The Company is a limited liability company, with liability limited by shares. It is incorporated and domiciled in UK. The address of its registered office is The Columbus Building, 7 Westferry Circus, London, England, E14 4HD.

1. Material accounting policies

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with UK-adopted International Accounting Standards (IFRS).

The accounting principles applied for the financial statements at 31 March 2024, were the same as those that were used for the financial statements at 31 March 2023, except for amendments and interpretations of IFRS which were mandatory for the Company from 1 April 2023. Their application did not have a significant impact on the financial statements as of 31 March 2024.

The financial statements were approved and authorised by the board of directors on 4 December 2024.

The financial statements have been prepared on a going concern basis and under the historical cost convention, except for derivative financial instruments that have been measured at fair value.

SmartestEnergy's business activities are set out in the Strategic Report. The notes to the financial statements also include the Group's policies with respect to management of the principal risks facing the Group. SmartestEnergy meets its day-to-day working capital requirements through several committed and uncommitted loan facilities.

In accordance with the Marubeni Group policy from April 2014 the Company joined the Cash Management System of Marubeni Finance Europe ("MAFE"), a Marubeni Group company. As of 31 March 2024, MAFE had made available a committed revolving credit facility to the Company of up to £392 million to the end of March 2027, in addition to a parent company guarantee interchange facility of up to £120 million. In June 2024, MAFE extended the committed revolving credit facility to the Company to £591 million to the end of March 2029, and revised the parent company guarantee interchange facility to £100 million.

The Company also has access to up to £50 million of uncommitted facilities arranged with Sumitomo Mitsui Trust, MUFG and Mizuho.

These facilities are regularly reviewed, and stress tested to ensure the Company is adequately funded. These financial resources, together with the Group's long-term agreements with its customers and suppliers, mean the directors believe that the Group is well placed to manage its business risk in case of an unexpected downturn or an immediate requirement to access these facilities.

The Group has also received a Parental Letter of Support from Marubeni Corporation which outlines their commitment to support the Group in meeting its liabilities, if and when the Group cannot meet them itself. By issuing this letter of support, the parent company has confirmed its ability to provide financial support to the Group, and that it will provide such support until at least 31 March 2026. Through inquiries with the parent company to understand available liquidity, the directors have assessed the parent company's financial ability to provide this support. With the above facilities and having received the Parental Letter of Support from Marubeni Corporation, the directors have taken the measures necessary to give themselves a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for at least 12 months from the signing of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The consolidated financial statements incorporate the results, assets and liabilities of the Company and the Group (as stated in Note 10). Control is achieved when the Group has the rights to the variable returns of the investee and when it has the power to govern the financial and operating policies of the investee. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Where necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Business combinations

The acquisition method has been adopted to account for historical and future business combinations. The identifiable assets acquired and liabilities assumed are measured and recognised at fair value at acquisition date. Goodwill is recognised where consideration transferred is greater than the aggregate of the net identifiable assets acquired and liabilities assumed. Acquisition-related costs are expensed as incurred in the Group financial statements.

New standards, amendments and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2024 reporting periods and have not been early adopted by the Group. These standards are either not relevant to the Group or not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions. We considered the following new standards that could potentially impact the Group:

Lack of Exchangeability (Amendments to IAS 21)

In August 2023, the IASB amended IAS 21 to clarify: (i) when a currency is exchangeable into another currency; and (ii) how a company estimates a spot rate when a currency lacks exchangeability. The amendments will become effective for annual reporting periods beginning on or after 1 January 2025. We do not expect the amendments to have a material impact on the Group's financial statements.

New standards, amendments and interpretations adopted

The following new accounting standards and interpretations became effective for the year ended 31 March 2024 that were relevant for the Group:

Definition of Accounting Estimates (Amendments to IAS 8)

The Group adopted Definition of Accounting Estimates, which amended IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments introduced the definition of accounting estimates and included other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments had no impact on the Group's financial statements.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) with amendments that are intended to help preparers to decide which accounting policies to disclose in their financial statements. The Group considered the amendments when preparing its accounting policy disclosures in its financial statements, but have not impacted the recognition, measurement or presentation of any items in these financial statements.

Notes to the Financial Statements (continued)

for the year ended 31 March 2024

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The Group adopted the amendments to IAS 12 that require entities to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments had no impact on the Group's financial statements.

International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)

In May 2023, the IASB issued International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12 Income Taxes to clarify the application of IAS 12 to tax legislation enacted or substantively enacted to implement Pillar Two of the Organisation for Economic Co-operation and Development's Base Erosion and Profit Shifting project. The amendments include a mandatory temporary exception from accounting for deferred tax on such tax law. In June 2023, the UK government enacted legislation to implement the Pillar Two rules. The legislation includes an income inclusion rule and a domestic minimum tax, which together are designed to ensure a minimum effective tax rate of 15% in each country in which the Group operates. In line with the amendments to IAS 12, the exception from accounting for deferred tax for the Pillar Two rules has been applied and there are no material impacts on the financial statements for the financial year ending 31 March 2024. The Group will fall within the scope of Pillar 2 with effect from 1 April 2024.

Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

Commodity contracts in scope of IFRS 9

The Group routinely enters into generation, retail and wholesale contracts, including contracts for physical delivery of gas and electricity, which are not stacked against each other.

Wholesale contracts are for proprietary energy trading purposes and hence clearly within the scope of IFRS 9. Management has assessed that generation contracts are also to be viewed as net-settled (and therefore within the scope of IFRS 9), since the criteria of 'taking delivery and sale within short period' or 'practice of net settlement' were met for similar contracts. Management has elected to apply the IFRS 9 'fair value option' for retail contracts to eliminate the accounting mismatch caused by the fact that the wholesale contracts are accounted for at fair value.

Accordingly, all of the Group's electricity purchase and sales contracts are accounted for as derivatives (forwards with energy as underlying).

Significance of unobservable valuation inputs in the fair value determination

When determining whether day one gains should be recognised immediately in profit or loss or deferred, management assesses whether unobservable inputs were significant to the initial fair value measurement. When its contribution is viewed as significant then the entire day one gain of the contract is deferred.

Measurement of renewable energy certificates

The Group applies the commodity broker-trader exemption noted in IAS 2 Inventories for renewable energy certificates that are considered liquid. Management assesses whether the certificates are liquid and when considered liquid, the certificates are measured at fair value less costs to sell.

Recoverability of deferred tax assets

In accordance with IAS 12 Income Taxes, the Group recognises deferred tax assets for deductible temporary differences and unused tax losses carried forward, to the extent that it is probable that future taxable profits will be available. In certain jurisdictions, the Group records valuation allowances to reduce the carrying value of its deferred tax assets where it believes that there will be insufficient future taxable profits. Refer to Note 7 for further discussion on these unrecognised deferred tax assets.

Capitalisation and retirement of internally developed intangible assets

In accordance with IAS 38 Intangible Assets, the Group recognises internally generated intangible assets arising from the development of IT software that meets the following criteria:

- Completion of development is technically feasible and adequate resources are available to complete the development;
- It intends and is able to complete and use the asset;
- The asset is expected to generate probable future economic benefits; and
- It is able to reliably measure expenditure attributable to the asset.

The Group applies judgment in determining whether the assets are expected to generate probable future economic benefits at the point of recognition, and then again in subsequent periods to determine whether the Group should continue to hold and amortise the assets, or whether these should be retired and written off. Refer to Note 9 for details of IT software intangible assets held by the Group and Company.

Estimates and assumptions

Key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Fair value determination of derivative commodity contracts

The Group's valuation of energy derivatives is based on valuation techniques (see Note 13 for details). Particularly judgemental assumptions include:

- projected volumes associated with intermittent generation contracts; and
- the forward price curves applied to long dated contracts.

Impairment of goodwill and investments

The Group assesses on a yearly basis whether there is an indication of impairment which may affect the carrying value of the investments. The assumptions used in these assessments have been outlined in Notes 9 and 10.

Notes to the Financial Statements (continued)

for the year ended 31 March 2024

Expected credit loss allowance against trade receivables

The Group records a provision against trade receivables for expected credit losses. The calculation of the provision is based on the product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD) as defined below:

- PD represents the likelihood of a counterparty defaulting on its financial obligation, either over the next 12 months or over the remaining lifetime of the obligation.
- EAD is based on the amounts the Group expects to be owed at the time of default. For most cases this represents the carrying amount of the financial asset.
- LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD is expressed as a percentage loss per unit of exposure at the time of default.

The PD and LGD are developed by using historical default studies, forward looking information, the Group's historical recovery rates where a default of a counterparty has occurred and publicly available data. Refer to Note 12 for further analysis of the Group and Company's expected credit loss allowances.

Other

Uncertainty on other balance sheet items (including accrued income, accruals and renewable obligations), is mitigated by the long period between the balance sheet date and the date when the financial statements are authorised for issue. Relevant information obtained by the Group subsequent to balance sheet date, if material, is adjusted in amounts recognised in the financial statements as far as these provide evidence of conditions that existed at balance sheet date. However, in respect of certain accruals, there is an industry reconciliation process of power purchase costs which can typically take 14 months from the date of supply to be finalised. This is due to the processes that the energy market must complete in order to finalise generation and consumption data for any one particular month. Therefore, there is an element of power purchase costs that needs to be estimated based on a combination of in-house and industry data that is available. These estimates impact the 'accruals' balances disclosed in Note 14.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. Useful lives are re-assessed annually and if necessary changes are accounted for prospectively. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation is provided on a straight-line basis over its expected useful life and is as follows:

Office equipment	3 years
IT hardware	3-5 years
Fixtures and fittings	Over the lease term up to 10 years

Depreciation expense on property, plant and equipment is included within administrative expenses in the statement of comprehensive income.

Leases

The Group recognises a right-of-use asset and lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of dilapidation costs.

The right-of-use asset is subsequently depreciated on a straight-line basis over the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

The Group has elected to present right-of-use assets and lease liabilities under property, plant and equipment and other liabilities respectively.

Short-term leases and leases of low-value assets

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases with a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense when incurred.

Intangible assets – goodwill

Goodwill is initially recorded at cost. It represents the excess of consideration transferred in a business combination over the fair value of the net identifiable assets acquired and liabilities assumed. Goodwill has an indefinite useful life. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. After initial recognition, goodwill is measured at cost less accumulated impairment losses.

Intangible assets identified in business combinations

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. These include customer relationships. The fair value is determined using projected discounted cash flows. The customer relationships are amortised on straight line basis over 8 years (remaining amortisation is 5 years). Amortisation expense on these intangible assets is included within administrative expenses in the statement of comprehensive income.

Intangible assets other than goodwill

Intangible assets consist of software applications, licences and IT software projects under development. Projects under development are in the work-in-progress stage and are thus not yet amortised.

Intangible assets are capitalised and stated at cost (whether purchased or internally generated), amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Capitalisation begins when expenditures for the asset are being incurred and activities that are necessary to prepare the asset for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to prepare the asset for use are complete. Amortisation commences at the point of commercial deployment when the asset is capable of operating in a manner intended by management. Intangible assets are amortised on a straight-line basis. Useful lives are re-assessed annually and necessary changes are accounted for prospectively. IT software that does not form an integral part of hardware is classified as an intangible asset. Such intangible assets are amortised on a straight-line basis over 3-10 years. Amortisation expense on these intangible assets is included within administrative expenses in the statement of comprehensive income.

Notes to the Financial Statements (continued)

for the year ended 31 March 2024

Impairment of non-financial assets

Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. For other assets, the Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The value-in-use of goodwill is calculated using the cash-generating unit's (CGU's) weighted average cost of capital (WACC). All WACC inputs have been corroborated appropriately to external and internal sources.

For assets, other than goodwill, where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation/amortisation, had no impairment losses been recognised for the asset in prior years.

Investments in subsidiaries

Investments in subsidiaries and participating undertakings are stated at cost, less provisions for impairment. The Company carries out a review for the potential impairment of an investment if events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. Such impairment reviews are performed in accordance with IAS 36. Any impairments are recorded in profit or loss.

If, after an impairment loss has been recognised, the recoverable amount of an investment increases because of a change in economic conditions or in the expected use of the asset, the resulting reversal of the impairment loss is recognised in the current year to the extent that it increases the carrying amount of the investment up to the amount it would have been had the original impairment not occurred.

Financial instruments

Non-derivative financial assets

The Group's non-derivative financial assets are solely 'loans and receivables'.

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group and Company commits to purchase or sell the asset. These assets are initially recognised on the date when they are originated and measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less impairment.

Impairment of financial assets

Impairment provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. Credit losses are the difference between the present value (PV) of all contractual cashflows and the PV of the expected future cash flows. When calculating the ECL, the Group considers the reasonable and supportable information that is available without undue cost or effort at the reporting date. The Group considers past events, current conditions and forecasts of future economic conditions that are relevant to the estimate of ECLs, including the effect of expected prepayments.

Non-derivative financial liabilities

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported on the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Commodity contracts within the scope of IFRS 9

A contract to buy or sell a non-financial item is not in scope of IFRS 9, unless it can be net settled, including the following ways:

a) Taking delivery and sale within short period, or
b) Practise of net settlement, or
c) Underlying readily convertible to cash, or
d) Terms of contract allow net settlement.

If criteria c) or d) is met, and the contract is not a written option, the contract is not in scope of IFRS 9 if it is entered into for own use purpose.

A commodity contract that is outside the scope of IFRS 9 will not be recognised in the financial statements until delivery. A commodity contract within IFRS 9's scope is treated as a derivative and is accounted for at fair value through profit or loss.

Additionally, IFRS 9 provides a 'fair value option' for own use contracts. At inception of a contract, an entity may make an irrevocable designation to measure an own use contract at fair value through profit or loss. Such designation is only allowed if it eliminates or significantly reduces an accounting mismatch that would otherwise arise from not recognising that contract because it is excluded from the scope of IFRS 9.

Derivative financial instruments

All derivatives are initially recognised at fair value on the date on which the derivative is entered into and are subsequently re-measured to fair value at each reporting date. Initial recognition as well as subsequent changes in assets and liabilities from these activities (resulting primarily from newly originated transactions and the impact of price movements) is generally recognised in profit or loss – subject to day-one gains policy below. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Day-one gains

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price.

However, if the Group determines that the fair value on initial recognition differs from the transaction price, the difference is recognised as a gain (or loss) in profit or loss only if the fair value is based on a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets (i.e. a Level 2 input). Otherwise, the entire difference is deferred and recognised as a gain (or loss) in profit or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability. Any deferred gain is a separate item, not part of the derivative fair value but presented within the carrying amount of the derivative asset or liability.

Notes to the Financial Statements (continued)

for the year ended 31 March 2024

Fair value measurement

The Group measures financial instruments such as derivatives, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

For contracts that are not collateralised, the Group also takes into account the counterparties' credit risks (for derivative assets) or the Group's own non-performance risk (for derivative liabilities) and includes a credit valuation adjustment or debit valuation adjustment, as appropriate, by assessing the maximum credit exposure and taking into account market-based inputs concerning probabilities of default and loss given default.

Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade collateral assets and liabilities

Cash held in collateral accounts is assessed to determine whether attached restrictions preclude it from meeting classification as cash and cash equivalents. If that is the case, then such cash balances are shown within trade collateral assets, which is presented within trade and other receivables in the balance sheet.

Cash received from counterparties and held for collateral purposes is classified as trade collateral liabilities, which is presented within trade and other payables in the balance sheet.

Renewable energy certificates

The Group holds renewable energy certificates for two purposes: trading and fulfilling renewable energy obligations. Certificates held for trading and that are considered liquid are measured at fair value less costs to sell under the commodity broker-trader exemption in IAS 2 Inventories.

Certificates used to settle renewable energy obligations or that are not considered liquid, are measured at cost upon acquisition, and subsequently measured on a first in, first out basis, or specific identification basis at the lower of cost and net realisable value.

Where the Group holds certificates both for trading and to settle renewable energy obligations, the distinction between fair value and the lower of cost and net realisable value is only possible if the certificates are managed in separate portfolios – one for trading and another for non-trading (obligation settlement). Where the certificates are not managed in separate portfolios, all certificates are carried at fair value less costs to sell if the certificates are considered liquid.

The Group's renewable energy certificates are presented within other current assets in the balance sheet.

Income taxes

Current tax liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Group relief payments from/to a group company to transfer tax losses between inter-group companies are treated as income tax.

Deferred taxation is recognised in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

When a group entity has a history of recent losses, the entity recognises a deferred tax asset arising from unused tax losses or tax credits only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient future taxable profits will be available against which the unused tax losses or unused tax credits can be utilised by the entity.

Provisions

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

For a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. A contract is onerous if the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. This policy does not apply to derivative financial instruments that are within the scope of IFRS 9 Financial Instruments: Recognition and Measurement.

Renewable obligation

Liabilities for the Group's renewable obligations are calculated based on the energy volumes supplied to customers in accordance with the methodologies set by the relevant regulatory authorities for the geographical markets in which the Group operates. The Group recognises the liabilities as energy is supplied to customers, and adjusts these liabilities for the expected benefit of settling the obligations using renewable energy certificates, where applicable. The liabilities are then released at the point in time where the Group settles the obligations, either through submission of certificates or in cash. Renewable obligations are presented within other current liabilities in the statement of financial position.

Employee benefits – profit-sharing and bonus plans

The Group recognises the expected cost of profit-sharing and bonus payments when the Group has a present legal or constructive obligation to make such payment as a result of past events and a reliable estimate of the obligation can be made.

Notes to the Financial Statements (continued)

for the year ended 31 March 2024

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current and non-current classification. An asset is current when it is either:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within 12 months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current. A liability is current when either:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or
- There is no right at the end of the reporting period to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as non-current.

Cash dividend distribution to members

The Group recognises a liability to make cash distributions to members when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the UK company law, a distribution is authorised when it is approved by the members. A corresponding amount is recognised directly in equity.

Revenue

Revenue (IFRS 15)

Revenue is recognised when (or as) the Group satisfies the performance obligations in terms of the contract. For all periods presented, the Group's revenue under IFRS 15 relates to renewable energy certificates.

For renewable energy certificates, revenue is recognised when the performance obligation per the contract is satisfied. For processing ROC sales, where the transaction price includes variable consideration in the form of recycle, the recycle is estimated at the point when the performance obligation is met and a best estimate is booked until the date of the final recycle announcement.

The Group has concluded that, under IFRS 15, it is the principal in all of its revenue arrangements, since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to inventory and credit risks.

Net trading income (IFRS 9)

Energy supply, power generation and energy (wholesale) trading contracts falling within the scope of IFRS 9 are accounted for as follows:

Both the unrealised (fair value changes) gains and losses on open financial and physical energy contract positions and the realised (settled) gains and losses on liquidated positions are included on a net basis within net trading income.

Net trading income also includes all related costs and benefits associated with energy supply and purchase transactions such as industry costs.

Presentation of realised derivative gains/losses in profit or loss

Management notes that IFRS has limited guidance (IAS 1.35) and industry practice under IFRS varies depending on how realised derivative gains/losses for commodity contracts are presented in profit or loss, e.g. on a gross or net basis.

Management is of the view that revenue arising from commodity contracts should be presented on a gross basis if they fall under the scope of IFRS 15. All realised gains and losses arising from commodity contracts within the scope of IFRS 9 are presented net within profit or loss.

Foreign currencies

The Group and Company financial statements are presented in Pound Sterling (£). The functional currency of the Company is also Pound Sterling.

Assets and liabilities of the entities that have other functional currencies are translated into Pound Sterling at the exchange rates as at the reporting date. Equity transactions are translated into Pound Sterling at the historical rate. Revenue and expenses are translated into Pound Sterling using average exchange rates for the year.

All differences are taken to equity through other comprehensive income.

Notes to the Financial Statements (continued)

for the year ended 31 March 2024

2. Net trading income and revenue

Revenue contains sale of goods under IFRS 15, recognised at a point in time. Net trading gains or losses arise from realised and unrealised sales and purchases of commodity contracts. On 1 October 2022, the UK government launched the Energy Bills Relief Scheme (EBRS) to provide support with elevated energy prices to non-domestic customers. This scheme ended on 31 March 2023, and was replaced by the Energy Bills Discount Scheme (EBDS), which ran from 1 April 2023 to 31 March 2024. During the periods presented, the Group and Company applied the necessary discounts to customer bills under EBRS and EBDS, and received reimbursement from the UK government. The following amounts in the Group and Company financial statements represent the amounts reimbursed and reimbursable by the UK government:

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
Recognised in Income Statement under 'Net trading income'	14,373	284,502	10,269	227,005
Recognised in Statement of Financial Position under 'Trade and other receivables' and 'Other current assets'	3,072	56,650	2,395	43,932

Notes to the Financial Statements (continued)

for the year ended 31 March 2024

3. Expense by nature

Operating profit stated after charging the following items:

The increase in the bad debt provision since the prior year is driven primarily by an increase in the underlying debt balances (refer to Note 12).

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
Cost of sales	180,470	305,271	201,303	323,315
Depreciation of property, plant and equipment (Note 8)	1,876	2,102	1,159	1,309
Amortisation of intangible assets (Note 9)	4,871	4,468	1,775	1,721
Auditor's remuneration:				
Audit of the financial statements	1,695	1,370	1,129	840
Non-audit services	1	-	1	-
Staff costs (Note 5)	68,050	55,734	39,760	34,517
Repairs and maintenance	8,083	5,625	6,883	5,107
Movement in bad debt provision including write-offs	38,170	28,922	3,904	9,347
Professional fees	7,491	5,207	4,798	3,407
Rent and rates	847	785	210	353
Fixed asset write-offs (Note 8)	489	148	650	-
Non-recurring write-offs	(347)	-	(347)	-
IT costs	10,211	6,754	6,672	4,529
Other costs	9,133	7,355	4,284	4,118
	331,040	423,741	272,183	388,563

The increase in the bad debt provision since the prior year is driven primarily by an increase in the underlying debt balances (refer to Note 12).

4. Directors' remuneration

The following amounts were paid to the Company's directors by the Group and Company:

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
Aggregate emoluments in respect of qualifying services	1,526	1,473	1,526	1,473

The aggregate emoluments of the highest paid director were £758,166 (2023: £737,232). Details of pension-related payments and loans are disclosed in Note 5 and Note 11, respectively.

Notes to the Financial Statements (continued)

for the year ended 31 March 2024

5. Staff costs

	Group		Company	
	2024	2023	2024	2023
	£000	*£000*	*£000*	*£000*
Wages and salaries	59,447	49,030	33,298	29,116
Social security costs	5,664	4,863	4,059	3,884
Pension costs (defined contribution scheme)	2,939	1,841	2,403	1,517
	68,050	55,734	39,760	34,517

The Group has established a Stakeholder Personal Pension Plan and makes defined contributions on behalf of eligible employees to their own stakeholder funds within the scheme. There were no outstanding contributions payable to the pension scheme or accrued pension costs as at 31 March 2024 (2023: £Nil).

The total pension contributions for directors paid by the Group and Company relating to the year ended 31 March 2024 was £18,000 (2023: £22,991) of which £Nil related to the highest paid director as his pension is paid as a cash alternative and not into a pension scheme.

The Group operates an executive long-term incentive plan ("LTIP") whereby the senior leadership of the Company and its subsidiaries, as determined by the Company's Remuneration Committee, may be eligible to receive cash awards at the end of the three-year period between 1 April 2022 and 31 March 2025. The cash awards will be earned based on the participant's continued service during this period and the achievement of financial targets (based on profit after tax metrics) for the Company and its subsidiaries for the three financial years covered by the plan. The Group and Company are recognising the cost of the expected payout on a straight-line basis across the three-year period ending 31 March 2025, adjusting the expected payout amount each period based on the actual and forecasted financial performance of the Company and its subsidiaries.

During the year ended 31 March 2024, the Group recognised £2.3 million of expense (2023: £1.9 million) related to the LTIP, which is presented within the subtotal for wages and salaries above. As of 31 March 2024, the Group held liabilities of £4.2 million (2023: £1.9 million) related to the LTIP, which is presented within trade and other payables in the statement of financial position. During the year ended 31 March 2024, the Company recognised £1.3 million of expense (2023: £1.3 million) related to the LTIP, which is presented within the subtotal for wages and salaries above. As of 31 March 2024, the Company held a liability of £2.6 million (2023: £1.3 million) related to the LTIP, which is presented within trade and other payables in the statement of financial position.

The average number of employees in the Group and Company during the year was as follows:

	Group		Company	
	2024	2023	2024	2023
	No.	*No.*	*No.*	*No.*
Management	33	27	16	13
Front office	41	32	29	27
Middle office	131	89	70	57
Back office	462	391	284	239
	667	539	399	336

Notes to the Financial Statements (continued)

for the year ended 31 March 2024

6. Interest income and interest expense

Interest and similar income	Group		Company	
	2024	2023	2024	2023
	£000	*£000*	*£000*	*£000*
Bank interest	322	169	52	70
Other interest income	4,527	1,476	3,751	1,097
	4,849	1,645	3,803	1,167

Interest and similar income	Group		Company	
	2024	2023	2024	2023
	£000	*£000*	*£000*	*£000*
Letter of credit charges – group companies	787	958	651	896
Other interest expense	16,688	5,801	8,092	2,474
	17,475	6,759	8,743	3,370

7. Income tax

(a) Analysis of tax in the year

	Group		Company	
	2024	2023	2024	2023
	£000	*£000*	*£000*	*£000*
Current tax				
Tax payable/(receivable) on current year profit/(loss)	35,216	52,035	36,074	47,104
Adjustments in respect of prior periods	(149)	933	(108)	1,018
Total current tax	35,067	52,968	35,966	48,122
Deferred tax				
Current year	3,835	(6,278)	1,456	(1,202)
Adjustments in respect of prior periods	551	(966)	56	45
Write-down of deferred tax asset	–	–	–	–
Effect of changes in tax rates	–	–	–	–
Total deferred tax	4,386	(7,565)	1,512	(1,157)
Tax charge in profit or loss	39,453	45,403	37,478	46,965

Notes to the Financial Statements (continued)

for the year ended 31 March 2024

7. Income tax (continued)

(b) Factors affecting tax expense for the year

The tax assessed on the profit on ordinary activities for the period is different from the standard rate of corporation tax in the UK of 25% (2023: 19%). The differences are reconciled below:

	Group		Company	
	2024	2023	2024	2023
	£000	*£000*	*£000*	*£000*
Profit on ordinary activities before tax	156,472	249,999	150,396	243,128
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2023: 19%)	39,118	47,499	37,599	46,194
Effects of:				
Tax rate differences in foreign jurisdictions	(16)	(1,429)	–	–
Expenses not deductible for tax purposes	(438)	(217)	(585)	(284)
Non-qualifying assets	659	390	610	327
Adjustment in respect of prior periods	430	(33)	(51)	1,063
Write-down of deferred tax asset	(185)	(511)	–	–
Effect of changes in tax rates	–	10	–	(288)
Income not taxable	(95)	(47)	(95)	(47)
Effects of group/other reliefs	(20)	(259)	–	–
Total tax charge	39,453	45,403	37,478	46,965

Notes to the Financial Statements (continued)

for the year ended 31 March 2024

7. Income tax (continued)

(c) Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2024	2023	2024	2023
	£000	*£000*	*£000*	*£000*
Deferred tax liability:				
Decelerated capital allowances	2,338	572	2,338	572
Temporary differences on intangibles recognised on acquisition	1,428	1,830	-	-
Other temporary differences	231	-	-	-
Total deferred tax liability	3,997	2,402	2,338	572
Deferred tax asset:				
Loan relationships	-	13	-	13
Unpaid employee remuneration	1,617	1,348	1,617	1,348
Derivative financial instruments	747	2,916	-	-
Accruals and provisions	-	1,103	-	-
Other temporary differences	274	201	-	2
Total deferred tax asset	2,638	5,581	1,617	1,363
Net deferred tax asset / (liability)	(1,359)	3,179	(721)	791

	Group		Company	
	2024	2023	2024	2023
	£000	*£000*	*£000*	*£000*
Net deferred tax reconciliation:				
Net deferred tax asset/(liability) at 1 April	3,179	(1,247)	791	(366)
Profit and loss account:				
Deferred tax (charge)/credit to I/S for the period	(3,835)	6,278	(1,456)	1,202
Effect of changes in tax rates	-	321	-	-
Adjustments in respect of prior years	(550)	966	(56)	(45)
Other movements:				
Tax loss carried forward	-	(804)	-	-
Other temporary differences	-	(540)	-	-
Deferred tax surrendered as group relief	-	(1,579)	-	-
FX adjustments	(153)	(216)	-	-
Net deferred tax asset/(liability) at 31 March	(1,359)	3,179	(721)	791

Notes to the Financial Statements (continued)

for the year ended 31 March 2024

7. Income tax (continued)

Deferred tax is recognised on assets at the rate at which the assets are expected to reverse. This is based on the substantively enacted rate at the balance sheet date.

At 31 March 2024, the Group had tax losses carried forward of £45.7m (2023: £35.5m) on which no deferred tax asset was recognised because it is uncertain that there will be sufficient future profits against which to utilise the assets.

Expected impact of Pillar Two rules

The relevant set of rules published by the OECD provides for a transition period in which the in scope multinational groups may avoid undergoing the complex effective tax rate calculation required by the new piece of legislation. In particular, the Pillar Two legislation provides for a transitional safe harbor ("TSH") that applies for the first three fiscal years following the entry into force of the relevant regulation; the TSH relies on simplified calculations and three kinds of alternative tests. Where at least one of the TSH tests is met for a jurisdiction in which the Marubeni group operates, the top-up tax due for such jurisdiction will be deemed to be zero. A test is met for a jurisdiction where:

- Revenue and profit before tax are below, respectively, €10 million and €1 million (the de minimis test);
- The Effective Tax Rate (ETR) equals or exceeds an agreed rate (the ETR test, 15% for FY 2024); or
- The profit before tax does not exceed an amount calculated as a percentage of tangible assets and payroll expense (the routine profits test).

For the year ended 31 March 2024, the Pillar Two rules are not in effect for the Marubeni group. However, the SmartestEnergy Limited Group has performed a preliminary calculation of its potential exposure for Pillar Two top-up taxes. The preliminary calculation is based on the most recent information available regarding the financial performance of the constituent entities in the Group, being the draft consolidated financial statement data for the year ended 31 March 2024.

Based on the assessment performed, the UK and Australian jurisdictions should benefit from the TSH. The US jurisdiction might not benefit from the TSH. With respect to the US jurisdiction, the Group has provisionally calculated the top-up tax exposure based on the Pillar Two regime with a limited top-up tax potentially due for an amount lower than £0.1 million.

The above analysis needs to be considered as an estimated exposure given that, as already highlighted above, it was based on the 2024 data, and differences in revenues, costs, local tax regimes etc. may affect the conclusions reached; furthermore, the estimated calculation is based on complex regulations that have only recently been enacted with limited guidelines and not all the relevant data required to perform the Pillar Two calculation was available.

Notes to the Financial Statements (continued)

8. Property, plant and equipment Group

	Office Equipment	Fixtures and Fittings	IT Hardware	Right-of-Use Asset - Buildings	Land and Buildings	Work in Progress	Total
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Cost:							
At 01 April 2023	359	1,539	3,003	8,038	815	-	13,754
Effect of FX translation	(1)	(4)	(16)	(84)	-	-	(105)
Additions	22	267	523	2,004	1,016	1,682	5,514
Retirements and disposals	(68)	(405)	-	(1,515)	(189)	-	(2,177)
Transfers	-	-	-	-	-	-	-
Remeasurements	-	-	-	(1,100)	-	-	(1,100)
At 31 March 2024	**312**	**1,397**	**3,510**	**7,343**	**1,642**	**1,682**	**15,886**
Depreciation:							
At 01 April 2023	341	716	2,271	3,298	201	-	6,827
Effect of FX translation	-	-	(8)	(34)	-	-	(42)
Charge for year	7	152	410	1,058	249	-	1,876
Retirements and disposals	(66)	(404)	19	(1,538)	(298)	-	(2,287)
Remeasurements	-	-	-	(186)	-	-	(186)
At 31 March 2024	**282**	**464**	**2,692**	**2,598**	**152**	-	**6,188**
Net book value:							
At 31 March 2023	18	823	732	4,740	614	-	6,927
At 31 March 2024	**30**	**933**	**818**	**4,745**	**1,490**	**1,682**	**9,698**

Notes to the Financial Statements (continued)

8. Property, plant and equipment (continued)

Group

	Office Equipment	Fixtures and Fittings	IT Hardware	Right-of-Use Asset - Buildings	Land and Buildings	Work in Progress	Total
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Cost:							
At 01 April 2022	357	1,360	2,165	7,677	190	197	11,946
Effect of FX translation	-	1	(1)	(14)	-	-	(14)
Additions	2	45	507	1,170	625	-	2,349
Retirements and disposals	-	-	-	(795)	-	-	(795)
Transfers	-	-	197	-	-	(197)	-
Other	-	133	135	-	-	-	268
At 31 March 2023	**359**	**1,539**	**3,003**	**8,038**	**815**	**-**	**13,754**
Depreciation:							
At 01 April 2022	333	348	1,740	1,825	76	-	4,322
Effect of FX translation	1	-	1	(13)	-	-	(11)
Charge for year	7	185	395	1,486	29	-	2,102
Retirements and disposals	-	-	-	-	-	-	-
Impairments	-	51	-	-	96	-	147
Other	-	132	135	-	-	-	267
At 31 March 2023	**341**	**716**	**2,271**	**3,298**	**201**	**-**	**6,827**
Net book value:							
At 31 March 2022	24	1,012	425	5,852	114	197	7,624
At 31 March 2023	**18**	**823**	**732**	**4,740**	**614**	**-**	**6,927**

The Group's property, plant and equipment balance at 31 March 2024 include £1.7 million (2023: £Nil) of unpaid additions that were included in trade and other payables at the reporting date. During the year ended 31 March 2024, the Group recognised £1.9 million (2023: £1.0 million) of right-of-use assets that were obtained in exchange for lease liabilities.

Notes to the Financial Statements (continued)

8. Property, plant and equipment (continued)

Company

	Office Equipment	Fixtures and Fittings	IT Hardware	Right-of-Use Asset - Buildings	Land and Buildings	Work in Progress	Total
	£000	£000	£000	£000	£000	£000	£000
Cost:							
At 01 April 2022	326	1,147	2,347	4,648	-	-	8,468
Additions	2	253	345	2,004	994	1,682	5,280
Retirements and disposals	(68)	(91)	-	(1,232)	-	-	(1,391)
Remeasurements	-	-	-	(165)	-	-	(165)
At 31 March 2024	**260**	**1,309**	**2,692**	**5,255**	**994**	**1,682**	**12,192**
Depreciation:							
At 01 April 2023	326	388	1,855	2,144	-	-	4,713
Charge for year	-	134	274	677	73	-	1,158
Retirements and disposals	(66)	(90)	-	(1,232)	-	-	(1,388)
Remeasurements	-	-	-	214	-	-	214
At 31 March 2023	**260**	**432**	**2,129**	**1,803**	**73**	**-**	**4,697**
Net book value:							
At 31 March 2023	-	759	492	2,504	-	-	3,755
At 31 March 2024	**-**	**877**	**563**	**3,452**	**921**	**1,682**	**7,495**

The Company's property, plant and equipment balance at 31 March 2024 include £1.7 million (2023: £Nil) of unpaid additions that were included in trade and other payables at the reporting date. During the year ended 31 March 2024, the Company recognised £1.9 million (2023: £Nil) of right-of-use assets that were obtained in exchange for lease liabilities.

Company

	Office Equipment	Fixtures and Fittings	IT Hardware	Right-of-Use Asset - Buildings	Land and Buildings	Work in Progress	Total
	£000	£000	£000	£000	£000	£000	£000
Cost:							
At 01 April 2022	326	1,147	1,875	4,814	-	197	8,359
Additions	-	-	275	347	-	-	622
Retirements and disposals	-	-	-	(513)	-	-	(513)
Transfer	-	-	197	-	-	(197)	-
At 31 March 2023	**326**	**1,147**	**2,347**	**4,648**	**-**	**-**	**8,468**
Depreciation:							
At 01 April 2022	325	265	1,574	1,240	-	-	3,404
Charge for year	1	123	281	904	-	-	1,309
Retirements and disposals	-	-	-	-	-	-	-
At 31 March 2023	**326**	**388**	**1,855**	**2,144**	**-**	**-**	**4,713**
Net book value:							
At 31 March 2022	1	882	301	3,574	-	197	4,955
At 31 March 2023	**-**	**759**	**492**	**2,504**	**-**	**-**	**3,755**

Notes to the Financial Statements (continued)

9. Intangible assets

Group

	IT Software	Customer Relationships	Goodwill	Work in Progress	Total
	£000	£000	£000	£000	£000
Cost:					
At 01 April 2023	25,980	12,029	11,846	1,480	51,335
Effect of FX translation	(89)	-	-	(6)	(95)
Additions	672	-	-	9,884	10,556
Transfers	1,575	-	-	(1,575)	-
Retirements and disposals	(5,555)	-	-	(178)	(5,733)
At 31 March 2024	**22,583**	**12,029**	**11,846**	**9,605**	**56,063**
Amortisation and impairment:					
At 01 April 2023	14,993	4,887	-	-	19,880
Effect of FX translation	(31)	-	-	-	(31)
Charge for year	3,368	1,503	-	-	4,871
Retirements and disposals	(5,084)	-	-	-	(5,084)
At 31 March 2024	**13,246**	**6,390**	**-**	**-**	**19,636**
Net book value:					
At 31 March 2023	10,987	7,142	11,846	1,480	31,455
At 31 March 2024	**9,337**	**5,639**	**11,846**	**9,605**	**36,427**

Group

	IT Software	Customer Relationships	Goodwill	Work in Progress	Total
	£000	£000	£000	£000	£000
Cost:					
At 01 April 2022	22,748	12,029	11,846	1,138	47,761
Effect of FX translation	118	-	-	10	128
Additions	938	-	-	1,982	2,920
Transfers	1,393	-	-	(1,393)	-
Retirements and disposals	(275)	-	-	(257)	(532)
Other	1,058	-	-	-	1,058
At 31 March 2023	**25,980**	**12,029**	**11,846**	**1,480**	**51,335**
Amortisation and impairment:					
At 01 April 2022	11,291	3,384	-	-	14,675
Effect of FX translation	43	-	-	-	43
Charge for year	2,965	1,503	-	-	4,468
Retirements and disposals	(362)	-	-	-	(362)
Other	1,056	-	-	-	1,056
At 31 March 2023	**14,993**	**4,887**	**-**	**-**	**19,880**
Net book value:					
At 31 March 2022	11,457	8,645	11,846	1,138	33,086
At 31 March 2023	**10,987**	**7,142**	**11,846**	**1,480**	**31,455**

The Group's intangible assets balance at 31 March 2024 include £1.3 million (2023: £0.3 million) of unpaid additions that were included in trade and other payables at the reporting date.

Notes to the Financial Statements (continued)

9. Intangible assets (continued)

Group (continued)

Upon the acquisition of SmartestEnergy Business Ltd (SEBL), goodwill of £11.8 million was recognised. The goodwill arising is attributable to the workforce and buyer-specific synergies.

The goodwill has been tested for impairment by comparing it to the value-in-use of the Cash Generating Unit (CGU). The value-in-use calculation is based on projected cash flows over the next five years. The key assumptions used are sales growth and cost savings expected as the company grows. The model presumes a post-tax discount rate of 14.8% and pre-tax discount rate of 17.6% (2023: 11.2% and 13.6%, respectively) and a long-term growth rate of 2% (2023: 2%). SEBL's business is principally focused on renewable electricity sales and therefore consideration of climate and environmental impacts are already a key feature of its business model.

Based on the projected cash flows, no impairment charge was required during the current year (2023: £Nil). However, if SEBL's EBIT over the next five years were to fall by 83% against forecast, or the discount rate applied was increased to 53%, the recoverable amount would equal the carrying amount of the CGU.

Notes to the Financial Statements (continued)

9. Intangible assets (continued)

Company

	IT Software	Work in Progress	Total
	£000	£000	£000
Cost:			
At 01 April 2023	18,766	490	19,256
Additions	268	6,027	6,295
Transfers	171	(171)	–
Retirements and disposals	(5,555)	(178)	(5,733)
At 31 March 2024	**13,650**	**6,168**	**19,818**
Amortisation and impairment:			
At 01 April 2023	11,226	–	11,226
Amortisation charge for year	1,775	–	1,775
Retirements and disposals	(5,084)	–	(5,084)
At 31 March 2024	**7,917**	**-**	**7,917**
Net book value:			
At 31 March 2023	7,540	490	8,030
At 31 March 2024	**5,733**	**6,168**	**11,901**

Company

	IT Software	Work in Progress	Total
	£000	£000	£000
Cost:			
At 01 April 2022	18,015	739	18,754
Additions	217	522	739
Transfers	631	(631)	–
Retirements and disposals	(97)	(140)	(237)
At 31 March 2023	**18,766**	**490**	**19,256**
Amortisation and impairment:			
At 01 April 2022	9,505	–	9,505
Amortisation charge for year	1,721	–	1,721
Retirements and disposals	–	–	–
At 31 March 2023	**11,226**	**-**	**11,226**
Net book value:			
At 31 March 2022	8,510	739	9,249
At 31 March 2023	**7,540**	**490**	**8,030**

The Group's intangible assets balance at 31 March 2024 include £1.3 million (2023: £0.3 million) of unpaid additions that were included in trade and other payables at the reporting date.

Notes to the Financial Statements (continued)

10. Investments in subsidiaries

The Company's investments in subsidiaries were as follows:

	2024	2023
	£000	*£000*
Cost:		
At 01 April	27,980	27,980
At 31 March	**27,980**	**27,980**

At 31 March 2024 and 2023, the Company had 100% controlling interests in the following subsidiaries:

Subsidiaries	Direct or indirect	Types of shares held	Proportion held (%)	Address of registered offices	Principal activity
SmartestEnergy US Holding Inc.	Direct	Ordinary	100%	110 West Fayette Street, Suite 400, Syracuse, NY 13202, USA	Holding company
SmartestEnergy US LLC	Indirect	Ordinary	100%	110 West Fayette Street, Suite 400, Syracuse, NY 13202, USA	Wholesale electricity procurement
SmartestEnergy Australia PTY Ltd	Direct	Ordinary	100%	36 Carrington Street, Sydney, NSW 2000, Australia	Wholesale electricity procurement
SmartestEnergy Financial Services PTY Ltd	Direct	Ordinary	100%	36 Carrington Street, Sydney, NSW 2000, Australia	Wholesale electricity procurement
SmartestEnergy Business Ltd	Direct	Ordinary	100%	Ridgeworth House, Liverpool Gardens, Worthing, West Sussex, BN11 1RY, England	Wholesale electricity procurement

The investment in SmartestEnergy Business Ltd (SEBL) has been tested for impairment by comparing it to the equity value of the projected cash flows. No impairment charge was required during the current year (2023: nil). As of 31 March 2024, the same underlying assumptions used in the Goodwill impairment testing outlined in Note 9 above were applied. However, if SEBL's EBIT over the next five years were to fall by 83% against forecast or the discount rate applied was increased to 53%, the recoverable amount would equal the carrying amount of the investment.

Notes to the Financial Statements (continued)

11. Other assets

	Group		Company	
	2024	2023	2024	2023
Other current assets:	*£000*	*£000*	*£000*	*£000*
Renewable energy certificates	242,822	100,271	213,544	83,735
Prepayments	19,309	5,717	4,393	3,271
Other debtors	4,428	12,598	2,862	3,117
Total other current assets	266,559	118,586	220,799	90,123

	Group		Company	
	2024	2023	2024	2023
Other non-current assets:	*£000*	*£000*	*£000*	*£000*
Prepayments - non-current	10,181	12,680	2,171	2,337
Total other non-current assets	10,181	12,680	2,171	2,337

The Company provides Season Ticket and Cycle to Work loans to its staff and directors, the amount receivable from these parties was £1,439 (2023: £3,543). These loans have been included within other debtors. During the year, no payments were made to any directors (2023: £Nil). Prepayments include advance payments for ROCs and REGOs of £2.9 million (2023: £3.0 million). Within other current assets, the Group and Company held £0.3 million of related party balances (2023: £Nil and £2.2 million, respectively).

Notes to the Financial Statements (continued)

12. Trade and other receivables

	Group		Company	
	2024	2023	2024	2023
	£000	*£000*	*£000*	*£000*
Trade receivables	290,251	183,158	194,379	131,591
Accrued income	408,990	556,616	353,998	526,050
Amounts due from Marubeni group companies	-	16,169	-	16,169
Trade collateral asset	62,020	88,409	30,460	48,500
VAT receivable	-	2,470	-	2,379
SmartestEnergy Group debtors	-	-	25,697	1,665
Total trade and other receivables	761,261	846,822	604,534	726,353

The Group's trade receivables have payment terms ranging from 0 to 120 days, and the Company's trade receivables have payment terms ranging from 7 to 120 days.

Accrued income represents unbilled balances receivable for energy supplied to customers during the year, wholesale energy trades, ROC processing fees and income from industry related charges.

Trade collateral assets comprise cash placed with trading counterparties to cover the Group's credit exposure as well as enabling the Group to access the trading exchange.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Group		Company	
	2024	2023	2024	2023
	£000	*£000*	*£000*	*£000*
At 1 April	34,777	9,243	10,094	2,424
Arising during the year	38,170	28,922	3,904	9,347
Write-off	(10,194)	(3,364)	(4,191)	(1,677)
Effect of FX Translation	(43)	(24)	-	-
At 31 March	62,710	34,777	9,807	10,094

Notes to the Financial Statements (continued)

12. Trade and other receivables (continued)

As at 31 March 2024 and 2023, the ageing and expected credit loss (ECL)analysis of gross trade receivables, including accrued income that was subject to expected credit losses, was as follows:

			Past due but not impaired				
	Total	*Neither past due nor impaired*	*< 30 days*	*31–60 days*	*61–90 days*	*91-120 days*	*> 121 days*
Group	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
2024	534,814	410,328	30,999	15,281	12,997	10,536	54,673
ECL allowance	62,710	2,818	106	95	6,491	6,832	46,368
ECL rate	11.73%	0.69%	0.34%	0.62%	49.94%	64.84%	84.81%
2023	354,457	259,979	16,765	30,150	11,227	8,904	27,432
ECL allowance	34,777	1,555	853	615	7,760	4,392	19,602
ECL rate	9.81%	0.60%	5.09%	2.04%	69.12%	49.33%	71.46%
Company	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
2024	386,039	373,086	5,323	(1,337)	(106)	2,337	6,736
ECL allowance	9,807	2,811	105	95	130	209	6,457
ECL rate	2.54%	0.75%	1.97%	-7.11%	-122.64%	8.94%	95.86%
2023	278,207	235,246	16,896	7,618	3,446	4,976	10,025
ECL allowance	10,094	1,288	624	614	1,387	1,149	5,032
ECL rate	3.63%	0.55%	3.69%	8.06%	40.25%	23.09%	50.19%

All other receivables within 'Trade and other receivables' are neither impaired nor past due. Refer to Note 20 on credit risk of trade receivables to understand how the Group manages and measures credit quality of its trade receivables and other receivables.

Notes to the Financial Statements (continued)

13. Financial instruments

The year-end position of the Group comprises the following classes of financial assets and liabilities:

	2024	2023
Financial assets	*£000*	*£000*
Financial assets at amortised cost:		
Cash and cash equivalents	23,507	24,830
Trade and other receivables (Note 12)	761,261	846,822
	784,768	871,652
Financial assets at fair value through profit and loss:		
Energy derivatives	1,046,500	1,407,739
	1,046,500	1,407,739
Total financial assets	1,831,268	2,279,391

	2024	2023
Financial liabilities	*£000*	*£000*
Financial liabilities at amortised cost:		
Trade and other payables (Note 14)	561,863	703,473
Lease liabilities (Note 15)	5,056	4,884
Liabilities to Marubeni group companies (Notes 14 and 15)	256,616	114,550
Interest payable	2,770	667
	826,305	823,574
Financial liabilities at fair value through profit and loss:		
Energy derivatives	759,380	1,141,211
	759,380	1,141,211
Total financial liabilities	1,585,685	1,964,785

Trade and other payables are due within 3 months and the carrying amount corresponds to the contractual undiscounted payments.

Notes to the Financial Statements (continued)

13. Financial instruments (continued)

The year-end position of the Company comprises the following classes of financial assets and liabilities:

	2024	2023
Financial assets	*£000*	*£000*
Financial assets at amortised cost:		
Cash and cash equivalents	14,533	12,530
Trade and other receivables (Note 12)	604,534	726,353
Loans due from subsidiary company (Note 11)	-	-
	619,067	738,883
Financial assets at fair value through profit and loss:		
Energy derivatives	837,212	1,267,197
	837,212	1,267,197
Total financial assets	1,456,279	2,006,080

	2024	2023
Financial liabilities	*£000*	*£000*
Financial liabilities at amortised cost:		
Trade and other payables (Note 14)	506,904	644,940
Lease liabilities (Note 15)	3,527	2,369
Liabilities to Marubeni group companies (Notes 14 and 15)	123,462	24,139
Interest payable	1,946	137
	635,839	671,585
Financial liabilities at fair value through profit and loss:		
Energy derivatives	604,525	1,019,633
	604,525	1,019,633
Total financial liabilities	1,240,364	1,691,218

Trade and other payables are due within 3 months and the carrying amount corresponds to the contractual undiscounted payments.

Notes to the Financial Statements (continued)

13. Financial instruments (continued)

Analysis of maturity profile of financial liabilities held at amortised cost:

	Total	*< 3 months*	*3 – 12 months*	*> 12 months*
Group	*£000*	*£000*	*£000*	*£000*
2024				
Trade and other payables (Note 14)	561,863	558,699	3,164	-
Liabilities to Marubeni group companies (Notes 14 and 15)	256,616	185,364	24,260	46,992
Lease liabilities (Note 15)	5,056	248	423	4,385
Interest payable	2,770	2,770	-	-
	826,305	747,081	27,847	51,377
2023				
Trade and other payables (Note 14)	703,473	703,070	403	-
Liabilities to Marubeni group companies (Notes 14 and 15)	114,550	76,700	-	37,850
Lease liabilities (Note 15)	4,884	158	1,029	3,697
Interest payable	667	667	-	-
	823,574	780,595	1,432	41,547

	Total	*< 3 months*	*3 – 12 months*	*> 12 months*
Company	*£000*	*£000*	*£000*	*£000*
2024				
Trade and other payables (Note 14)	506,904	506,904	-	-
Liabilities to Marubeni group companies (Notes 14 and 15)	123,462	99,323	24,139	-
Lease liabilities (Note 15)	3,527	137	89	3,301
Interest payable	1,946	1,946	-	-
	635,839	608,310	24,228	3,301
2023				
Trade and other payables (Note 14)	644,940	644,940	-	-
Liabilities to Marubeni group companies (Notes 14 and 15)	24,139	-	-	24,139
Lease liabilities (Note 15)	2,369	40	122	2,207
Interest payable	137	137	-	-
	671,585	645,117	122	26,346

Interest receivable by the Group and Company on cash at the bank and in hand was not material for any of the periods presented. For maturity analysis relating to the undiscounted future cash flows for lease liabilities, please refer to Note 15. For all other financial liabilities, the maturity analysis for undiscounted future cash flows is the same as the maturity analysis above.

Notes to the Financial Statements (continued)

13. Financial instruments (continued)

Derivative financial instruments

The energy derivative contracts are net-settled derivatives for which the contractual maturity is essential to understand the timing of the cash flows; accordingly, in respect of liquidity risk, net cash flows disclosed in the above table are based on contractual maturity.

The future gross cash inflows and outflows related to derivative contracts is as follows:

	Within 3 months	*3 – 12 months*	*1 to 5 years*	*Over 5 years*
Group	*£000*	*£000*	*£000*	*£000*
2024				
Cash inflow	1,126,190	3,158,181	2,279,149	29,871
Cash outflow	1,056,129	2,858,757	1,586,292	26,202
2023				
Cash inflow	1,734,981	4,202,072	2,439,352	21,627
Cash outflow	1,684,714	3,874,438	1,892,308	15,165

	Within 3 months	*3 – 12 months*	*1 to 5 years*	*Over 5 years*
Company	*£000*	*£000*	*£000*	*£000*
2024				
Cash inflow	1,063,957	2,995,297	2,025,551	9,694
Cash outflow	1,015,951	2,833,343	1,526,678	2,232
2023				
Cash inflow	1,631,798	4,022,149	2,172,160	15,066
Cash outflow	1,616,318	3,760,402	1,760,336	8,545

Notes to the Financial Statements (continued)

13. Financial instruments (continued)

The total gross amount related to these energy derivative contracts consisted of:

	Derivative assets		*Derivative liabilities*	
	2024	*2023*	*2024*	*2023*
Group	*£000*	*£000*	*£000*	*£000*
Gross before netting	2,287,244	3,893,532	2,000,124	3,627,004
Netting	(1,240,744)	(2,485,793)	(1,240,744)	(2,485,793)
Total derivatives recognised on balance sheet	1,046,500	1,407,739	759,380	1,141,211
Company				
Gross before netting	1,903,900	3,631,210	1,671,213	3,383,646
Netting	(1,066,688)	(2,364,013)	(1,066,688)	(2,364,013)
Total derivatives recognised on balance sheet	837,212	1,267,197	604,525	1,019,633

The Group and Company presents its financial assets and financial liabilities gross on the statement of financial position even where express written agreements exist between the parties to a transaction that provide for their settlement on a net basis and this agreement is deemed legally enforceable, unless it is the practice and intention to settle net.

A net gain of £21.2 million (2023: gain of £166.3 million) has arisen in the Group from recognising unrealised held-for-trading derivative contracts at fair value through profit or loss, all of which is included within net trading income, in relation to energy derivatives.

	2024	**2023**
Group	*£000*	*£000*
Mandatorily measured at fair value through profit and loss	(290,257)	(1,157,192)
Designated at fair value through profit and loss	311,416	1,323,530
Total	21,159	166,338

A net loss of £14.9 million (2023: gain of £161.1 million) has arisen in the Company from recognising unrealised held-for-trading derivative contracts at fair value through profit or loss, all of which is included within net trading income, in relation to energy derivatives.

	2024	**2023**
Company	*£000*	*£000*
Mandatorily measured at fair value through profit and loss	(303,400)	(936,721)
Designated at fair value through profit and loss	288,523	1,097,788
Total	(14,877)	161,067

Financial instruments recorded at fair value

The following is a description of the determination of fair value for financial instruments which are recorded at fair value using valuation techniques. These incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments.

Energy derivatives

The Group holds energy derivatives. The fair values of energy derivatives are determined using valuation techniques based in part on observable market data and in part on internal models.

In the case of forwards, the Group uses a method of linear interpolation. This is done by using a mixture of data from the 'Argus Index', extrapolating data from the APX spot market and the correlation between the gas and power prices, the 'spark spread', as the gas market is more heavily traded. A half hourly curve is used to reflect this interpolation at a more granular level. The prices used to value these transactions reflect the Group's best estimate, considering various factors including closing commodity exchange and over-the-counter quotations.

Estimates of the volumes to be delivered by generators are used when the volumes are not fixed contractually. In determining the fair value of derivative positions, appropriate credit risk adjustments are made in accordance with IFRS 13.

Notes to the Financial Statements (continued)

13. Financial instruments (continued)

Financial instruments recorded at fair value (continued)

Deferred day-one gains

Where the fair value at initial recognition for energy derivatives differs from the transaction price, a day-one gain or loss will arise. Whilst the entire contract is designated as a derivative, only part of the contract value, i.e. the energy component of the contract price is based on observable quoted market data, whereas other elements are based on unobservable market data. If such unobservable data, other than pass-through cost, materially contributes to the contract's fair value, the day-one gains of the entire contract are not recognised immediately in profit or loss but deferred and amortised to profit or loss based on volumes purchased or delivered over the contractual period until such time as observable market data becomes available (see Note 1 for further detail).

The amount that has yet to be recognised in the profit or loss account relating to day-one gains is as follows:

	Group		Company	
	2024	2023	2024	2023
	£000	*£000*	*£000*	*£000*
Deferred day one gains at 1 April (net liability)	82,679	29,975	30,874	20,860
Movements	3,886	52,704	(11,543)	10,014
Deferred day one gains at 31 March (net liability)	86,565	82,679	19,331	30,874

Financial instruments subject to offsetting, enforceable master netting arrangements, and similar agreements

The Group and Company routinely enter into offsetting, master netting, and similar arrangements with trading and other counterparties to manage credit risk. Where there is a legally enforceable right of offset under such arrangements and the Group and Company have the intention to settle on a net basis or realize the asset and settle the liability simultaneously, the net asset or liability is presented; otherwise, assets and liabilities are presented gross. These amounts, as presented net and gross within cash and cash equivalents, trade and other receivables, trade and other payables, and derivative financial instruments in the Consolidated Statements of Financial Position.

Gross amounts of Group trade and other receivables and trade and other payables are £601.3 million (2023: £1,004.9 million) and £619.7 million (2023: £1,069.2 million) respectively, and the amount which is offset against both of line items is £343.5 million (2023: £664.0 million).

Gross amounts of Company trade and other receivables and trade and other payables are £504.6 million (2023: £938.4 million) and £522.4 million (2023: £995.6 million) respectively, and the amount which is offset against both of line items is £343.3 million (2023: £663.8 million).

Notes to the Financial Statements (continued)

13. Financial instruments (continued)

Determination of fair value and fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Group

At 31 March 2024	*Level 1*	*Level 2*	*Level 3*	*Total*
	£000	*£000*	*£000*	*£000*
Financial assets				
Energy derivatives	167	797,823	248,510	1,046,500
	167	797,823	248,510	1,046,500
Financial liabilities				
Energy derivatives	422	613,309	145,649	759,380
	422	613,309	145,649	759,380
At 31 March 2023				
Financial assets				
Energy derivatives	542	1,051,390	355,807	1,407,739
	542	1,051,390	355,807	1,407,739
Financial liabilities				
Energy derivatives	37	970,392	170,782	1,141,211
	37	970,392	170,782	1,141,211

Company

At 31 March 2024	*Level 1*	*Level 2*	*Level 3*	*Total*
	£000	*£000*	*£000*	*£000*
Financial assets				
Energy derivatives	–	804,083	33,129	837,212
	–	804,083	33,129	837,212
Financial liabilities				
Energy derivatives	–	503,146	101,379	604,525
	–	503,146	101,379	604,525
At 31 March 2023				
Financial assets				
Energy derivatives	–	1,063,370	203,827	1,267,197
	–	1,063,370	203,827	1,267,197
Financial liabilities				
Energy derivatives	–	862,729	156,904	1,019,633
	–	862,729	156,904	1,019,633

Notes to the Financial Statements (continued)

13. Financial instruments (continued)

The reconciliation of the Level 3 fair value measurements during the year is as follows:

	Group		Company	
	2024	2023	2024	2023
	£000	*£000*	*£000*	*£000*
Net Level 3 derivatives at 1 April	185,025	335,496	46,923	425,255
Level 3 derivatives arising during the year	112,682	(6,735)	(1,832)	(103,962)
Recognised in the statement of comprehensive income	(194,103)	(143,122)	(113,342)	(274,370)
Effect of FX translation	(743)	(614)	-	-
Net Level 3 derivatives at 31 March	102,861	185,025	(68,251)	46,923

Movements in the fair value of Level 3 derivatives during the periods presented above are included within Net Trading Income within the statements of comprehensive income.

The following summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

	Group		Company		
	2024	2023	2024	2023	*Significant unobservable inputs*
Description of Level 3 derivatives	*£000*	*£000*	*£000*	*£000*	
Retail and Generation energy derivative contracts	102,861	185,025	(68,250)	46,923	1. Forecasted energy generation volumes for intermittent technologies 2. Forward price for illiquid markets

Relationship of unobservable inputs to fair value

As of 31 March 2024, a shift in Level 3 inputs by +/- 5% results in a change in fair value as follows:

Group

		2024	2023	2024	2023
		£000	*£000*	*£000*	*£000*
	Level 3 Input	**+/-5% Shift in Volumes**	**+/-5% Shift in Market Price**	**+/-5% Shift in Volumes**	**+/-5% Shift in Market Price**
Retail	Market Price, Volume	53	3,534	-	-
Generation	Market Price, Volume	7,526	11,819	2,256	-

Company

		2024	2023
		£000	*£000*
	Level 3 Input	**+/-5% Shift in Volumes**	**+/-5% Shift in Volumes**
Generation	Volume	4,274	1,669

Notes to the Financial Statements (continued)

14. Trade and other payables

	Group		Company	
	2024	2023	2024	2023
	£000	*£000*	*£000*	*£000*
Trade payables	98,051	43,044	89,479	38,733
Accruals	417,015	612,299	374,920	564,259
Trade collateral liabilities	46,797	48,130	42,505	41,948
Amounts due to Marubeni group companies	209,501	2,430	123,462	-
	771,364	705,903	630,366	644,940

Trade collateral liabilities are comprised of cash and ROCs received from higher risk trading counterparties.

15. Other liabilities

	Group		Company	
	2024	2023	2024	2023
Other current liabilities:	*£000*	*£000*	*£000*	*£000*
Renewable obligations	220,317	151,403	176,496	146,075
Climate Change Levy	12,779	9,415	9,790	7,347
Net VAT payable	38,596	5,254	25,103	-
Customer advances	34,960	34,485	-	-
Interest payable to Group companies	1,114	702	290	123
Other interest payable	1,656	14	1,656	14
Current lease liability	671	1,187	226	162
Current liabilities to Marubeni group companies	-	74,220	-	-
	310,093	276,680	213,561	153,721

	Group		Company	
	2024	2023	2024	2023
Other non-current liabilities:	*£000*	*£000*	*£000*	*£000*
Non-current lease liability	4,385	3,697	3,301	2,207
Non-current liabilities to Marubeni group companies	46,992	37,851	-	24,139
	51,377	41,548	3,301	26,346

The Group has lease contracts in relation to buildings used in its operations. As of 31 March 2024, active building leases had remaining terms of between 2.1 and 9.1 years.

Notes to the Financial Statements (continued)

15. Other liabilities (continued)

Set out below are the carrying amount of lease liabilities and movements during the period:

Group as a lessee:	2024	2023
	£000	*£000*
As at 1 April	4,884	5,909
Additions	1,869	968
Remeasurements	(814)	–
Disposals	–	(791)
Accretion of interest	227	128
Payments	(1,055)	(1,326)
Effect of FX translation	(55)	(4)
As at 31 March	5,056	4,884

Company as a lessee:	2024	2023
	£000	*£000*
As at 1 April	2,369	3,538
Additions	1,869	–
Remeasurements	(331)	–
Disposals	–	(513)
Accretion of interest	126	74
Payments	(506)	(730)
As at 31 March	3,527	2,369

Maturities of lease liabilities where the Group and Company were lessees were as follows at 31 March:

	Group		Company	
	2024	2023	2024	2023
Lease liabilities falling due:	*£000*	*£000*	*£000*	*£000*
In less than one year	821	1,095	376	534
Between one and two years	1,126	1,025	668	468
Between two and three years	905	687	735	117
Between three and four years	855	735	712	468
Between four and five years	767	707	624	468
Thereafter	1,572	1,269	1,047	466
Total undiscounted lease payments	6,046	5,518	4,162	2,521
Less: imputed interest	(990)	(634)	(635)	(152)
Present value of lease liabilities	5,056	4,884	3,527	2,369
Less: current portion of lease liabilities	(671)	(1,187)	(226)	(162)
Non-current portion of lease liabilities	4,385	3,697	3,301	2,207

A reconciliation of movement of liabilities arising from financing activities is as follows:

	Group		Company	
	2024	2023	2024	2023
Debt items included within liabilities:	*£000*	*£000*	*£000*	*£000*
Amounts due to Marubeni group companies (Note 14)	209,501	2,430	123,462	–
Current liabilities to Marubeni group companies (Note 15)	–	74,220	–	–
Lease liabilities (Note 15)	5,056	4,884	3,527	2,369
Non-current liabilities to Marubeni group companies (Note 15)	46,992	37,851	–	24,139
	261,549	119,385	126,989	26,508

Notes to the Financial Statements (continued)

15. Other liabilities (continued)

Debt reconciliation to financing cash flows:

Group

Debt reconciliation to financing cash flows:	01-Apr-23	Cash flows	FX adjustments	Remeasurements	Disposals	Interest accretion	New leases	31-Mar-24
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Loans and borrowings	114,500	143,467	(3,029)	-	-	1,555	-	256,493
Lease liabilities	4,884	(1,055)	(55)	(814)	-	227	1,869	5,056
Total liabilities from financing activities	**119,384**	**142,412**	**(3,084)**	**(814)**	**-**	**1,782**	**1,869**	**261,549**

Debt reconciliation to financing cash flows:	01-Apr-22	Cash flows	FX adjustments	Remeasurements	Disposals	Interest accretion	New leases	31-Mar-23
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Loans and borrowings	68,573	46,448	(577)	-	-	56	-	114,500
Lease liabilities	5,909	(1,326)	(4)	-	(791)	128	968	4,884
Total liabilities from financing activities	**74,482**	**45,122**	**(581)**	**-**	**(791)**	**184**	**968**	**119,384**

Notes to the Financial Statements (continued)

15. Other liabilities (continued)

Debt reconciliation to financing cash flows:

Company

Debt reconciliation to financing cash flows:	01-Apr-23	Cash flows	Remeasurements	Disposals	Interest accretion	New leases	31-Mar-24
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Loans and borrowings	24,139	99,323	-	-	-	-	123,462
Lease liabilities	2,369	(506)	(331)	-	126	1,869	3,527
Total liabilities from financing activities	**26,508**	**98,817**	**(331)**	**-**	**126**	**1,869**	**126,989**

Debt reconciliation to financing cash flows:	01-Apr-22	Cash flows	Remeasurements	Disposals	Interest accretion	New leases	31-Mar-23
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Loans and borrowings	34,139	(10,000)	-	-	-	-	24,139
Lease liabilities	3,538	(730)	-	(513)	74	-	2,369
Total liabilities from financing activities	**37,677**	**(10,730)**	**-**	**(513)**	**74**	**968**	**26,508**

Notes to the Financial Statements (continued)

16. Provisions

Group	Dilapidation costs	Onerous contract	Employment contracts	TPI commission claim	Other provisions	Total
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
At 1 April 2022	196	369	–	571	–	1,136
Arising during the year	347	–	649	–	757	1,753
(Utilised) / created	–	(369)	202	(571)	1,623	885
Effect of FX Translation	–	–	(39)	–	(112)	(151)
At 31 March 2023	543	–	812	–	2,268	3,623
At 1 April 2023	543	–	812	–	2,268	3,623
Arising during the year	253	–	–	–	–	253
Remeasured	(347)	–	–	–	–	(347)
(Utilised) / created	–	–	147	–	1,135	1,282
Effect of FX Translation	–	–	(43)	–	(129)	(172)
At 31 March 2024	449	–	916	–	3,274	4,639
-current	–	–	858	–	3,274	4,132
-non-current	449	–	58	–	–	507

Notes to the Financial Statements (continued)

16. Provisions (continued)

Company	Dilapidation costs	Onerous contract	Employment contracts	TPI commission claim	Other provisions	Total
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
At 1 April 2022	196	369	-	571	-	1,136
Arising during the year	347	-	-	-	-	347
(Utilised) / created	-	(369)	-	(571)	-	(940)
At 31 March 2023	543	-	-	-	-	3,543
At 1 April 2023	543	-	-	-	-	543
Arising during the year	253	-	-	-	-	253
Remeasured	(347)	-	-	-	-	(347)
(Utilised) / created	-	-	-	-	-	1,282
At 31 March 2024	449	-	-	-	-	449
-current	-	-	-	-	-	-
-non-current	449	-	-	-	-	449

17. Share capital, share premium, dividends

	2024 and 2023
	£000
Authorised share capital Ordinary shares of £1 each	14,000
Allotted and fully paid up share capital Ordinary shares of £1 each	6,667
Other reserves Share premium	2,600

All shares rank pari passu in all respects.

The share premium account is the amount above the nominal value received for shares sold, less transaction costs.

During the year ended 31 March 2024, the Company paid no interim dividend (2023: £Nil), and a final dividend of £124.2 million (2023: £Nil), which equated to total dividends per allotted share of £18.63 (2023: £Nil).

Notes to the Financial Statements (continued)

18. Related party transactions

Parties are considered to be related if one has the ability to control the other party or exercise significant influence over the other party's making of financial or operational decisions, or if both parties are controlled by the same third party. The Group did not identify any transactions or hold any open balances with related party entities outside those under the control of the ultimate parent company, Marubeni Corporation (collectively, "Marubeni").

Details of facility and loan agreements with related parties are as follows:

Borrower	Lender	Loan/ facility type	Total facility amount	Amount drawn down	Interest	Interest due	Expiry date
SmartestEnergy Ltd	Marubeni Finance Europe plc	Secured revolving loan facility	£20m (2023: £20m)	£Nil (2023: £Nil)	0.5% + (1m, 3m, 6m) TSRR	Any frequency up to 12 months, but not to go beyond facility maturity date	Mar-27
SmartestEnergy Ltd	Marubeni Finance Europe plc	Secured term loan facility	£20.8m (2023: £20.8m)	£20.6m (2023: £20.6m)	1.1% + 3m TSRR	Quarterly	Dec-24
SmartestEnergy Ltd	Marubeni Finance Europe plc	Secured term loan facility	£3.5m (2023 £3.5m)	£3.5m (2023 £3.5m)	1.1% + base rate	Quarterly	Jan-25
SmartestEnergy Ltd	Marubeni Finance Europe plc	Secured revolving loan facility	£392m (2023: £392m)	£99.3m (2023: £Nil)	0.5% + 1m TSRR	Monthly	Mar-27
SmartestEnergy Business Ltd	SmartestEnergy Ltd	Secured revolving loan facility	£20m (2023: £20m)	£Nil (2023: £Nil)	0.5% + (1m, 3m, 6m) TSRR	Any frequency up to 12 months, but not to go beyond facility maturity date	Mar-27
SmartestEnergy Australia Pty Ltd	Marubeni Australia Ltd	Secured revolving loan facility	£61.7m (2023: £37.5m)	£47m (2023: £13m)	1.1% + 1m ASX BBSY BID	Monthly	Mar-28
SmartestEnergy US LLC	Marubeni Finance America	Secured revolving loan facility	£155.8m (2023: £159.6m)	£86m (2023: 74.2m)	0.6% + Term SOFR	Monthly	Mar-25

Notes to the Financial Statements (continued)

18. Related party transactions (continued)

Assets and liabilities relating to the above facilities and loans have been included in the remainder of the note below.

The Group and Company also had a Parent Company Guarantees ("PCGs") and Letter of Credits ("LCs") facility allowances from Marubeni as follows:

PCG/LC facilities:	*Available*	*Utilised*	*Available*	*Utilised*
	2024	*2024*	*2023*	*2023*
	£m	*£m*	*£m*	*£m*
SmartestEnergy Ltd	1,810.0	1,138.0	2,432.0	1,168.0
SmartestEnergy Business Ltd	1.5	0.2	1.0	0.8
SmartestEnergy Australia Pty Ltd	250.0	98.6	137.4	63.2
SmartestEnergy US LLC	237.8	115.7	128.0	66.2
Total	2,299.3	1,352.5	2,698.4	1,298.2

Refer to Note 22 for details of the subsequent renewals of these facilities after the reporting date.

As of 31 March 2024, Marubeni also provided parent company guarantee interchange facilities with the following limits:

- SmartestEnergy Ltd: £120 million (2023: £230 million)
- SmartestEnergy Australia Pty Ltd: AUD 70 million (2023: AUD 30 million)
- SmartestEnergy US LLC: USD 60 million (2023: USD 60 million)

Group

For the years ended 31 March 2024 and 2023, transactions entered into and balances held by the Group companies with other members of the Marubeni Group consisted of the following:

Related party transactions in consolidated statements of comprehensive income:	**2024**	**2023**
	£000	*£000*
Net trading income	139	57
Cost of sales	(1,016)	–
Administrative expenses	(1,602)	(1,103)
Interest expense	(9,049)	(3,809)
Interest income	744	439
Net total related party transactions	(10,784)	(4,416)

Related party balances in consolidated statements of financial position:	**2024**	**2023**
	£000	*£000*
Trade and other receivables	–	16,175
Other current assets	337	–
Total within total assets	337	16,175
Trade and other payables	209,501	77,462
Other current liabilities	1,114	174
Other non-current liabilities	46,992	37,850
Total within total liabilities	257,607	115,486

Notes to the Financial Statements (continued)

18. Related party transactions (continued)

Company

For the years ended 31 March 2024 and 2023, transactions entered into and balances held by the Company with its subsidiary undertakings and Marubeni Group companies consisted of the following:

Related party transactions in Company statements of comprehensive income:	2024 £000	2023 £000
Revenue and net trading income		
SmartestEnergy Business Ltd	235,735	178,980
SmartestEnergy US Holdings Ltd	13	-
SmartestEnergy Australia PTY Ltd	13	-
Marubeni Group companies	76	-
Cost of sales		
Marubeni Group companies	(1,016)	-
Administrative expenses		
SmartestEnergy Business Ltd	(9)	-
Marubeni Group companies	(161)	(259)
Interest expense		
SmartestEnergy Australia PTY Ltd	(1)	-
Marubeni Group companies	(2,521)	(1,728)
Interest income		
SmartestEnergy Business Ltd	57	-
SmartestEnergy Australia PTY Ltd	18	-
Marubeni Group companies	744	437

Notes to the Financial Statements (continued)

18. Related party transactions (continued)

Company (continued)

Related party balances in Company statements of financial position:	2024	2023
	£000	*£000*
Non-current derivative assets		
SmartestEnergy Business Ltd	57,099	68,617
Current derivative assets		
SmartestEnergy Business Ltd	95,330	55,837
SmartestEnergy Australia PTY Ltd	18	-
Trade and other receivables		
SmartestEnergy Business Ltd	-	16,174
Marubeni Group companies	23,733	18,417
SmartestEnergy US Holdings Ltd	1,295	-
SmartestEnergy Australia PTY Ltd	668	-
Other current assets		
Marubeni Group companies	337	593
SmartestEnergy Business Ltd	-	615
SmartestEnergy US Holdings Ltd	-	704
SmartestEnergy Australia PTY Ltd	-	330
Total within total assets	178,480	161,287

Related party balances in Company statements of financial position:	2024	2023
	£000	*£000*
Trade and other payables		
Marubeni Group companies	123,462	557
Other current liabilities		
Marubeni Group companies	290	123
Other non-current liabilities		
Marubeni Group companies	-	24,139
Current derivative liabilities		
SmartestEnergy Australia PTY Ltd	1	-
Total within total liabilities	123,753	24,819

Details regarding remuneration and pensions of key management personnel of the Group and Company are disclosed in Notes 4 and 5. The Group defines its key management personnel as the members of the Board of Directors of the Company, which includes the Chief Executive Officer and Chief Operating Officer, since the Board of Directors is responsible for substantially all management decisions of the Group.

Notes to the Financial Statements (continued)

19. Management of capital

The Group considers equity to be its capital. The Group is not subject to any externally imposed capital requirements and there have been no changes in capital structure strategy during the financial year.

The Group and Company utilise the following key measures to manage its capital:

- Return on Capital Employed (ROCE): defined as operating profit as a percentage of the sum of (i) total equity and (ii) total non-current liabilities.
- Return on Assets (ROA): defined as profit after taxation as a percentage of average total assets.

	Group		Company	
	2024	2023	2024	2023
Return on capital employed (ROCE)	32.44%	42.25%	38.15%	44.33%
Return on assets (ROA)	5.07%	7.10%	5.84%	7.34%

Notes to the Financial Statements (continued)

20. Financial risk management

As a participant in the energy market, the Group is exposed to a variety of financial risks including credit risk, liquidity risk and market risk. In order to manage these risks, the Group has put in place a risk management framework to facilitate an integrated approach which links the Group's appetite for risk to the detailed risk controls employed at the operational level.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. A default is defined when a counterparty structurally fails to perform under its contract with the Group and such failure is not expected to be cured promptly. Expected credit losses (ECL) from customers has been accounted for as per Note 12. The Group manages the following credit risks:

Offtake credit risk

In offtake, credit exposure arises from the delivered unpaid amount owed by offtake customers for power delivered to them by the Group (import power). The majority of offtake customers are signed up to contracts that allow the Group to net cash payments upon settlement. This netting, combined with the fact that the Group purchases far more power than it delivers to these customers, means the Group's offtake customers generally have a net exposure to the Group thereby mitigating any credit risk. Offtake credit risk exposure can also arise from the forward fixing of power prices which can result in a derivative financial asset position. In the event of an Offtake customer credit default, the credit exposure on a derivative asset would be mitigated by the net exposure of the customer to the Group.

Wholesale trading credit risk

In wholesale trading, the credit exposure is the delivered but unpaid amount for: Grid Trade Master Agreement (GTMA); Short Term Flat National Balancing Point (NBP) Trading Terms and Conditions trades; and the derivative financial assets for the forward position of such trades. It is the market practice in Britain's wholesale electricity and gas markets to settle the delivered but unpaid amount through netting on the 10th banking day and the 20th calendar day of every month. The Group trades with international banks, large utilities or independent suppliers and regularly reviews the creditworthiness of those trading counterparties. For those where the creditworthiness is below an acceptable level, the Group puts in place margin facilities that allow it to make margin calls to limit the Group's exposure. The Group therefore considers the credit risk associated with the wholesale trading counterparties to be low.

Supply credit risk

In supply, credit exposure arises from the delivered unpaid amount owed by supply customers for power supplied to them by the Group and the present value of any derivatives related to the forward fixing of power prices. The Group applies a credit policy under which the Group will supply power to any supply customer who passed the quantitative and qualitative credit assessment process.

During the financial year, the Group wrote off 1.29% (2023: 0.99%) and the Company wrote off 1.97% (2023: 0.60%) of their receivable balances as a percentage of net trading income. The Group has applied the same methodology of credit assessment and scoring as used by Marubeni Corporation, supplemented with further enhancements by the Group's own credit approval process and procedures so that underlying credit risk is properly assessed before a contractual commitment is undertaken.

The Group's policy for supply credit risk is to apply for credit insurance from a credit insurance company (currently Atradius N.V.) for all supply sales opportunities and, if such application is not accepted by the credit insurance company, the Group further assesses the credit worthiness of the customer to determine if the credit risk can be mitigated by additional collateral.

Notes to the Financial Statements (continued)

20. Financial risk management (continued)

Credit risk (continued)

The credit quality of market counterparties, offtake and supply customers is analysed using credit ratings published by Bureau Van Dijk (and SandP for large counterparties outside UK and Ireland) and is as follows:

Group

Rating	*Credit quality*	*2024*	*2023*
		£000	*£000*
Secure	Minimal risk	355,984	286,039
Stable	Low risk	54,686	51,365
Normal	Average risk	793,567	1,287,638
Caution	Slightly greater than average risk	291,145	462,337
High risk	High risk	167	123
Unrated	Unrated	335,719	191,889
Total financial assets		1,831,268	2,279,391

Company

Rating	*Credit quality*	*2024*	*2023*
		£000	*£000*
Secure	Minimal risk	256,622	174,994
Stable	Low risk	–	333
Normal	Average risk	940,406	1,259,113
Caution	Slightly greater than average risk	249,691	566,989
High risk	High risk	–	–
Unrated	Unrated	9,560	4,651
Total financial assets		1,456,279	2,006,080

Unrated category relates to an accumulation of balances from counterparties without publicly available credit ratings. Such exposure historically generated insignificant bad debts.

Overall, the Group's low or well mitigated exposure to credit risk is further illustrated by the fact that the Group has historically experienced very low levels of bad debt write-offs. The risk is further mitigated by the Group such that where an express written agreement exists, and this agreement is deemed legally enforceable, the Group manages its credit exposures net by counterparty. Where such an agreement is not in place, or where there is a debate as to the enforceability of the terms of the agreement that is in place, the credit exposure is managed gross. Counterparty debt is written off when the Group determines that it will not be able to collect the debt due to one or more of the following circumstances: (i) insolvency procedure, legal or voluntary liquidation procedure or cessation of business in operation of the debtor; (ii) the debt has been outstanding for a long time and collection is unlikely due to deterioration of the debtor's credit standing or other relevant reasons; (iii) there is no possibility of recovery by commercial negotiation; or (iv) any matter equivalent to the above.

Notes to the Financial Statements (continued)

20. Financial risk management (continued)

Liquidity risk

Liquidity risk arises from the general funding requirements of the Group and its management of assets and liabilities. A maturity analysis of financial liabilities and derivatives is in Note 13. The Group uses a combination of third-party working capital facilities and cash to provide funding to support its business activities.

The Group's main funding needs during the current year were met by loan facility obtained from Marubeni Finance Europe (Note 18). The Group's management determines funding requirements based on cash flow forecasting, including sensitivity analysis for movements in collateral balances, and funding requests must be reviewed and approved by the parent company.

Market risk

Market risk is the risk that the Group is unable to manage the price exposure in the electricity, gas and renewable markets of its open positions. A failure to manage this risk will then lead to gross margin loss on any such un-hedged positions. The risk is also arising from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The Group's market risk is managed as follows:

Commodity price risk

The Group is affected by commodity price volatility of its fair valued gas and electricity derivative contracts.

The Group's commodity price risk is monitored through the application of a Risk Management Committee approved Value-at-Risk (VaR) limit and daily loss limit. Operational reports are sent to management daily and reports confirming compliance with the Group's Risk Policy to the monthly Risk Management Committee. The Group uses VaR as the basis for monitoring and controlling its commodity price risk. VaR is managed using the variance covariance model (VCV) on a 95% confidence interval, 5 day holding period. The VaR for the Company and relevant subsidiary undertakings as of 31 March was:

Value at Risk (VaR)	*Currency*	*2024*	*2023*
		'000	*'000*
SmartestEnergy Limited	GBP	288	1,548
SmartestEnergy Australia PTY Ltd	AUD	533	1,528
SmartestEnergy US LLC	USD	808	600

As with any modelled risk measure, there are certain limitations that arise from the assumptions used in the VaR calculation, these include:

- Risk factors which are not fully addressed by the VaR methodology. These are addressed either by sensitivity or position limits or by stress testing scenarios;
- Changes in risk factors may not follow the assumed distribution. In particular, the normal distribution assumption may underestimate the probability of large market moves;
- Historical data may not be a good estimate of the potential changes to risk factors observed in the future and any modifications to that data may not be adequate; and
- VaR based on 95% confidence level does not reflect potential losses beyond that percentile.

VaR should not be viewed as a guarantee of the maximum daily loss that can be experienced by the Group on its portfolio, nor can the Group be certain that losses will not exceed the VaR more frequently than five times in every one hundred days.

The Group accounts for all its generation and retail contracts at fair value and economically hedges its commodity price exposure in the wholesale electricity forward market through the over-the-counter derivatives market and commodity exchanges and therefore does not consider the commodity price risk on its net open derivative position to be material.

Notes to the Financial Statements (continued)

21. Ultimate parent undertaking and controlling party

The immediate and ultimate parent company and controlling party is Marubeni Corporation, a company incorporated in Japan. The results of the Company are consolidated in Marubeni Corporation's financial statements. Copies of Marubeni Corporation's financial statements can be obtained from its head office at 4-2, Ohtemachi 1-chome, Chiyoda-ku, Tokyo 100-8088, Japan.

22. Post balance sheet events

Refer to Note 18 for details of the borrowing and guarantee facilities provided by Marubeni to the Group and Company at 31 March 2024.

In June 2024, Marubeni extended the committed revolving credit facility to the Group to £877 million and to the Company to £591 million through to the end of March 2029, and revised the parent company guarantee interchange facility to £183.5 million for the Group and £100 million for the Company. In July 2024, the Parent Company Guarantees and Letter of Credit facilities were renewed with a new limit of £2,361 million for the Group and £1,796 million for the Company. All foreign-denominated facility amounts have been translated into pounds sterling using exchange rates as of 31 March 2024.

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