Company number 10126191

Ruby Energy Consolidated Segmental Statement

Year end 30 April 2023

Required under Standard Condition 16B of Electricity Generation Licences and Standard Condition 19A of Electricity and Gas Supply Licences.

Contents

Introduction....2

Independent Auditors Review....2

Consolidated Segmental Statement for the year ended: 30 April 2023....5

Hedging Policy....6

Volume Risk....6

Reporting Structure....7

Introduction

This CSS and associated regulatory information are presented in accordance with Standard Licence Condition 16B of the Electricity Generation Licence and Standard Condition 19A of the Electricity and Gas Supply Licences (“the Conditions”).

The CSS and supporting information have been prepared by Ruby Energy Holdings Ltd (Ruby Energy) in accordance with the Conditions stated above and the associated guidelines issued by Ofgem. The CSS has been derived from, and reconciled to, the Annual Report and Accounts of Ruby for the year ended 30 April 2023, which have been prepared in accordance with UK requirements.

When contracts are initially sold, they are based upon a forecasted wholesale price linked to the recent wholesale market prices. Between the contract being sold and the energy being purchased the price can move which exposes Ruby Energy to the risk of gross margin increasing or decreasing.

The business has a low-risk appetite regarding trading, and therefore looks the mitigate these risks by hedging frequently and in line with our hedging policies.

Independent Auditors Review

Our independent auditors have reviewed the financial statements of Ruby Energy Holdings Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2023 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In their opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as of 30 April 2023 and of the group's profit for the year then ended;
- have been properly prepared under United Kingdom Generally Accepted Accounting Practice; and
- have been prepared under the requirements of the Companies Act 2006.

Conclusions relating to going concern

In auditing the financial statements, they have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work they have performed, they have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a Company number 10126191 going concern for a period of at least twelve months from when the financial statements are authorised for issue. Their responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information
The other information comprises the information included in the annual report other than the financial statements and the auditor's report thereon. The directors are responsible for the other information contained within the annual report. Their opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in their report, we do not express any form of assurance conclusion thereon. Their responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or their knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If they identify such material inconsistencies or apparent material misstatements, they are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work performed, they conclude that there is a material misstatement of this other information, they 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 their opinion, based on the work undertaken in the course of our audit: · the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and · the strategic report and the directors' report have been prepared under applicable legal requirements.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the 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 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
The objectives of the auditors 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 their opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted under 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 based on these financial statements.

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

They identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from their general commercial and sector experience, and through discussions with the directors (as required by auditing standards) and discussed with the directors. The policies and procedures regarding compliance with laws and regulations. They communicated identified laws and regulations throughout their team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the group is subject to laws and regulations that directly affect the financial statements, including financial reporting legislation and taxation legislation. They assessed the extent of compliance with these laws and regulations as part of their procedures on the related financial statement items. Secondly, the group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the company's license to operate. They identified the following areas as those most likely to have such an effect: laws related to energy supply activities and the regulated nature of the energy industry.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Through these procedures, they did not become aware of any actual or suspected non-compliance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that they may not have detected some material misstatements in the financial statements, even though they have properly planned and performed their audit under auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations. They design procedures in line with their responsibilities, outlined below to detect material misstatement due to fraud:

- Matters are discussed amongst the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud
- Identifying and assessing the design and effectiveness of controls that management have in place to prevent and detect fraud

- Detecting and responding to the risks of fraud following discussions with management and enquiring as to whether management have knowledge of any actual, suspected or alleged fraud;

Consolidated Segmental Statement for the year ended: 30 April 2023

	Unit	Electricity supply		Gas supply		Aggregate supply business
		Domestic	Non Domestic	Domestic	Non Domestic	
Total revenue	**£'M**	**0.0**	**173.6**	**0.00**	**34.8**	**208.4**
Revenue from sale of electricity and gas	**£'M**	0.0	142.1	0.00	27.5	169.6
Other revenues	**£'M**	0.0	31.5	0.00	7.3	38.8
Total operating costs	**£'M**	**0.0**	**165.5**	**0.00**	**25.1**	**190.6**
Direct fuel costs	**£'M**	0.0	112.7	0.00	9.3	122.1
Transportation costs	**£'M**	0.0	18.5	0.00	2.7	21.2
Environmental and social obligations costs	**£'M**	0.0	11.8	0.00	0.00	11.8
Other direct costs	**£'M**	0.0	3.2	0.00	1.0	4.2
Indirect costs	**£'M**	0.0	19.3	0.00	12.1	31.4
EBITDA	**£'M**	**0.0**	**8.2**	**0.00**	**9.7**	**17.9**
Depreciation and amortisation	**£'M**	0.0	0.1	0.00	0.3	0.4
EBIT	**£'M**	**0.0**	**8.1**	**0.00**	**9.3**	**17.4**
Volume	**TWh, m therms**	0.0	0.3	0.0	7.1	7.4
WACO E/G	**£/MWh, p/th**	0.0	388.9	0.0	130.7	393.4
Meter Points	**000s**	0.0	26.1	0.0	7.9	34.0

Summary of terms	
EBITDA	EBITDA represents earnings before interest, tax, depreciation and amortisation. It is calculated by subtracting total operating costs from total revenue
DA	Depreciation and amortisation
EBIT	EBIT represents earnings before interest and tax and is calculated by subtracting depreciation and amortisation from EBITDA.
Volume	Volume for Aggregate Supply is supplier volumes at the meter point, i.e. net of losses.
WACOF/E/G	For Aggregate Supply, the WACOE/G represents the weighted average cost of procuring electricity and gas, shown as £/MWh (electricity) and p/therm (gas), and comprises the costs of wholesale gas and electricity, transmission and distribution losses, Unidentified Gas ("UIG") costs and the costs associated with balancing and shaping. This is calculated by dividing direct fuel costs by volume.
Customer numbers	Customer numbers are based on the average monthly number of Meter Point Administration Numbers for electricity customers and Meter Point Reference Numbers for gas customers during the year to 30 April 2023.
Supply EBIT margin	EBIT profit margin for Aggregate Supply expressed as a percentage, calculated by dividing EBIT by total revenue and multiplying by 100.
Direct fuel costs	Costs directly associated with the purchase of gas or electricity supplied to customers such as wholesale energy purchasing.

Transportation costs	Payments made to network operators for using the transmission and distribution networks.
Environmental and social obligations costs	Compliance costs linked to government schemes and obligations.
Other direct costs	Costs directly related to customer supply that do not fall under fuel or transportation such as metering costs, data collection and various industry charges.
Indirect costs	Overhead or business-wide costs not directly tied to a specific unit of supply such as staff, building maintenance, IT systems, sales & marketing and regulatory compliance.
Revenue from sale of electricity and gas	This represents income earned directly from the supply of electricity and gas to customers under standard and negotiated tariffs. It includes standing charges, unit rates, and any pass-through costs recovered from customers, but excludes revenue from non-energy related services.
Other revenues	This includes income derived from activities not directly related to the supply of electricity and gas, such as metering services, late payment charges, non-energy services, green deal charges, or any fees from value-added services provided to customers.

Hedging Policy

Ruby Energy follows a prudent hedging strategy to manage wholesale market exposure and reduce the volatility of energy procurement costs. The core objectives of the hedging policy are:

- Price Stability: Lock in energy purchase prices over a forward-looking horizon to protect against wholesale market fluctuations.
- Risk Mitigation: Avoid excessive exposure to short-term market prices, particularly in periods of high volatility.
- Compliance: Ensure adherence to internal risk appetite limits and regulatory expectations around prudent procurement.
- Liquidity Management: Balance hedge volumes with anticipated customer demand to avoid over- or under-hedging, considering forecast accuracy and customer churn.

The hedging horizon and layering approach are reviewed regularly by our risk committee, with decisions based on factors such as:

- Market sentiment and price signals
- Load forecasts
- Regulatory updates
- Risk limits

Volume Risk

Volume risk refers to the uncertainty around actual customer consumption versus forecasted volumes. In our supply business, Ruby Energy bears the volume risk, meaning:

- If customer consumption is higher than forecast and not fully hedged, we must procure additional volumes at usually increased market rates.
- If customer consumption is lower than forecast and over-hedged, we may be left with surplus energy to sell back into the market, potentially at a loss.

Volume risk is particularly relevant in Non-domestic markets, where consumption can vary significantly based on operational changes.

To manage this, we:

- Continuously refine demand forecasts based on historical usage, weather models, and sector-specific insights.
- Use balancing mechanisms and flexible products.
- Apply tolerance bands in hedging policy to accommodate reasonable forecast errors.

Reporting Structure

Ruby Energy Holdings Ltd is the intermediate holding company of all Licensees within Ruby Energy. The individual supply and generation licences are held in legal entities reported within the Annual Report and Accounts of Ruby Energy Holdings Ltd for the year ended 30 April 2023. The individual supply licences held within Ruby Energy on 30 April 2023 were as follows:

Licencee	Licence type	Ownership
Ruby Electricity Ltd	Non-domestic Supply	100%
Ruby Gas Ltd	Non-domestic Supply	100%