

# **TotalEnergies**

## **Consolidated Segmental Statement 2023**

### **BASIS OF PREPARATION**

This Consolidated Segmental Statement ("CSS") has been prepared in accordance with Standard License Condition 19A of the Gas and Electricity Supply Licenses ("Supply Licenses").

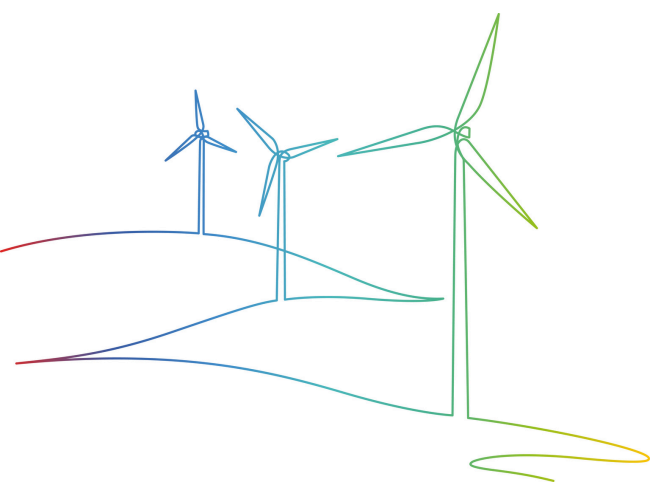
TotalEnergies Gas and Power Limited holds the Supply Licenses and is made up of the following branches:

- The UK branch sells gas and electricity supplies to industrial, commercial and public sector customers in the UK.
- The Switzerland branch trades in energy commodities such as natural gas, electricity, LNG, biomass, sulphur, petcoke and emissions, and carries out transportation by ship of sulphur, petcoke and LNG.
- The France, Spain and Belgium branches trade in energy commodities.

The CSS has been reconciled to audited financial statements of TotalEnergies Gas and Power Limited, which are publicly available on Companies House. The results are consolidated into the financial statements of TotalEnergies SE, which are available at the group website.

### **REVENUE**

Revenues comprises of the value of electricity and gas supplied to non-domestic customers during the year, based on billed volumes and an estimate of unbilled volumes between the date of last billing and the year end date.



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### **DIRECT FUEL COSTS**

Direct Fuel costs for Supply include gas, electricity and imbalance costs. Energy Supply is procured at market prices via through a combination of bilateral, over-the-counter (OTC), and exchange-based trades/contracts. Market prices will be those that are current at time of procurement and fixed price products are hedged based on the expected demand prior to the start of the contract period. For Supply the WACOG (Weighted Average Cost of Gas (p/th)) and WACOE (Weighted Average Cost of Electricity (£/MWh)) covers the wholesale energy cost, balancing and shaping costs, margin and any imbalance costs incurred by the Supply licensees.

### **TRANSPORTATION COSTS**

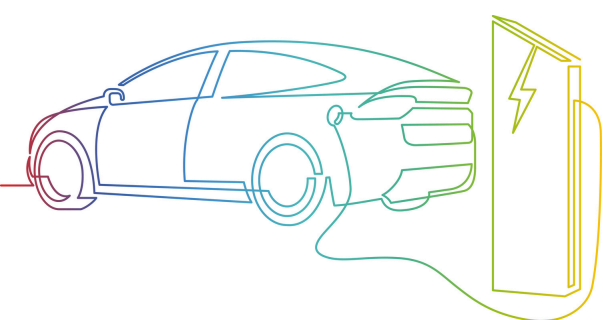
Transportation Costs comprises of costs relating to delivering energy to customers. This includes gas transportation, electricity transmission, electricity distribution, Assistance for Areas with High Electricity Distribution Costs (also known as Hydro Benefit) and BSUoS costs.

### **ENVIRONMENTAL AND SOCIAL OBLIGATIONS COSTS**

Environmental and Social Obligation Costs comprises of Green Gas Levy, Renewable Obligation Certificate Scheme, Renewable Energy Guarantee of Origin, Feed in Tariff, Contracts for Difference under Electricity Market Reform, and Capacity Market costs. Costs are allocated to the gas or electricity supply segment based on the fuel type the scheme relates to.

### **OTHER DIRECT COSTS**

Other Direct Costs includes all other charges included in gross margin which are not covered in the categories above. It mainly comprises of sales commission to third party intermediaries, cost of meter operation and rentals and market data costs. Costs are allocated to the gas or electricity supply segment based on the fuel type the scheme relates to. Costs are allocated to the gas or electricity supply segment based on the fuel type the cost relates to.



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### **INDIRECT COSTS**

Indirect Costs includes all costs other than those included in gross margin or depreciation and amortisation. It mainly comprises of payroll, IT, marketing, cost of centralised services provided by the TotalEnergies group, bad debt provision and collection costs, and professional fees. Costs are allocated to the gas or electricity supply segment in proportion to the number of customer sites.

### **EBITDA/EBIT**

EBITDA is earnings before interest, tax, depreciation and amortisation.

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### **DEPRECIATION AND AMORTISATION**

Depreciation and Amortisation costs comprises of depreciation costs of fixed assets and leased properties under IFRS16 and amortisation of computer software costs. Depreciation of fixed assets and amortisation of computer software is calculated on a straight line basis over the estimated useful life of the assets. Depreciation of leased properties under IFRS16 is calculated on a straight line basis over the lease term.

### **EXCEPTIONAL ITEMS**

As per OfGEM guidelines, examples of exceptional items include, but are not limited to, profit or losses on disposal, restructuring costs that have been identified as such in the annual report and impairment charges.

There are no exceptional items for this year.



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### **TRANSFER PRICING**

All commodity price transfers between business units are based on market traded prices and products from either live market prices from brokers or counterparts or from price reporting agencies. Gains and losses accumulated are reallocated to the relevant business supply and trading business units.

### **VOLUME**

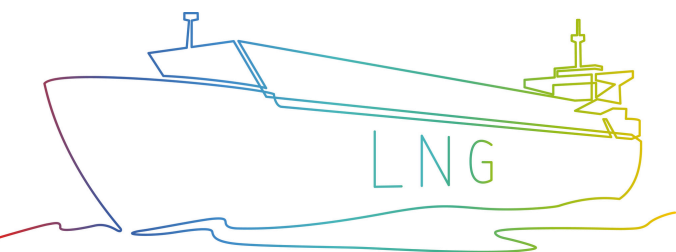
Supply volume is recorded at meter point after losses.

### **WACOG/E**

Weighted average cost of gas or electricity represents the cost of wholesale energy including losses, balancing costs, shaping costs, industry reconciliations and Unidentified Gas. It is calculated by dividing direct fuel costs by volume.

### **CUSTOMER NUMBERS**

Customer numbers are calculated using the monthly average number of Meter Point Reference Numbers for gas and Meter Point Administration Numbers for electricity for the year.



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	Unit	Gas supply non-domestic	Electricity supply non-domestic	Aggregate supply business
		2023	2023	2023
<b>Total revenue</b>	£'M	<b>3,548.1</b>	<b>3,651.6</b>	<b>7,199.7</b>
Revenue from sales of electricity and gas	£'M	3,546.2	3,649.1	7,195.3
Other revenue	£'M	1.9	2.5	4.4
<b>Total operating costs</b>	£'M	<b>3,529.2</b>	<b>3,531.7</b>	<b>7,060.9</b>
Direct fuel costs	£'M	3,046.2	2,152.7	5,198.9
Transportation costs	£'M	278.3	700.0	978.3
Env. & social obligation costs	£'M	1.7	549.9	551.6
Other direct costs	£'M	163.2	82.7	245.9
Indirect costs	£'M	39.8	46.4	86.2
<b>EBITDA</b>	£'M	<b>18.9</b>	<b>119.9</b>	<b>138.8</b>
Depreciation and amortisation	£'M	1.6	1.8	3.4
<b>EBIT</b>	£'M	<b>17.3</b>	<b>118.1</b>	<b>135.4</b>
<b>Volume</b>	TWh,	N/A	13.8	
	m therms	1,966.7	N/A	
<b>WACO G/E</b>	p/th, £/MWh	154.9	156.10	
<b>Customer numbers</b>	000	137	159	296



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Business function	Supply	Trading segment not included in CSS	Other parts of the TotalEnergies Group
Operates and maintains generation assets	N/A	N/A	✓
Responsible for scheduling decisions	N/A	N/A	✓
Responsible for interactions with the Balancing Market	-	-	✓
Responsible for determining hedging policy	P/L	P/L	✓
Responsible for implementing hedging policy / makes decisions to buy/sell energy	✓	-	✓
Interacts with wider market participants to buy/sell energy	✓	✓	✓
Holds unhedged positions (either short or long)	✓	✓	✓
Procures fuel for generation	N/A	N/A	✓
Procures allowances for generation	N/A	N/A	✓
Holds volume risk on positions sold (either internal or external)	✓	✓	✓
Matches own generation with own supply	N/A	N/A	✓
Forecasts total system demand	✓	✓	✓
Forecasts wholesale price	✓	✓	✓
Forecasts customer demand	✓	-	✓
Determines retail pricing and marketing strategies	✓	✓	✓
Bears shape risk after initial hedge until market allows full hedge	✓	✓	✓
Bears short term risk for variance between demand and forecast	✓	✓	✓



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### Reconciliation of CSS to TGPL Financial Statements 2023

	£'M
Revenue in CSS	7,199.7
Direct cost of sales in segmental reporting	(6,974.7)
Net trading gains relating to energy trading activity	5,699.0
Net trading gains in Financial Statements	<u>5,924.0</u>
EBIT in CSS	135.4
Operating profit relating to energy trading activity	2,142.6
Operating profit in Financial Statements	<u>2,278.0</u>

