

UK National Gas Ltd

Consolidated Segmental Statement

For the Year Ended 31 July 2023

Basis of Preparation

The Consolidated Segmental Statement (CSS) is prepared in accordance with Standard Licence Condition 19A of the Gas and Electricity Supply Licences, as issued by Ofgem.

The CSS provides transparency in supplier profitability, supporting consumer confidence and ensuring market fairness.

This statement reflects the financial performance of UK National Gas Ltd.'s non-domestic gas supply operations within Great Britain. It is based on figures extracted from the statutory accounts for the year ended 31 July 2023, adjusted as necessary to meet Ofgem's reporting requirements.

The CSS has been prepared solely for regulatory reporting purposes and does not fully align with IFRS segmental reporting.

The CSS is presented on a standalone basis; there are no electricity supply or generation activities.

Segmental Results

		Unit	Gas supply Non Domestic
1	Total revenue	£'M	10.58
1.1	Revenue from sale of electricity and gas	£'M	10.58
1.2	Other revenues	£'M	0
2	Total operating costs	£'M	10.47
2.1	Direct fuel costs	£'M	5.75
	Direct costs:	£'M	
2.2	Transportation costs	£'M	0.87
2.3	Environmental and social	£'M	0

		Unit	Gas supply
			Non Domestic
	obligations costs		
2.4	Other direct costs	£'M	0
2.5	Indirect costs	£'M	3.85
3	EBITDA	£'M	0.11
3.1	Depreciation and amortisation	£'M	0
3.2	EBIT	£'M	0.11
4	Volume	TWh, m therms	17.26
5	WACO E/G	£/MWh, p/th	33.31
6	Meter Points	000s	1.07

Glossary of Terms

- EBITDA: Earnings Before Interest, Taxes, Depreciation, and Amortisation.
- EBIT: Earnings Before Interest and Tax.
- WACOG: Weighted Average Cost of Gas, calculated by dividing direct fuel costs by the volume of gas supplied.
- Volume: Total amount of gas supplied to customers, measured at the meter point.
- Average Meter Points: Calculated as the average number of active meter points throughout the year.

Detailed Notes

Revenues

Revenue consists solely of the sale of gas to non-domestic customers within Great Britain. No sales of electricity or other licensed activities are included. Discounts and any applicable adjustments have been deducted from the revenue figure.

Direct Fuel Costs

Reflect the wholesale cost of purchasing gas. No related-party procurement.

Direct Costs

- Transportation Costs: Charges for gas transmission and distribution. This also includes directly attributable transportation costs.
- Environmental and Social Costs: None recorded in this reporting year.

- Other Direct Costs: Include other costs directly attributable to the purchase and supply of gas.

Indirect Costs: General administration, HR, IT, property, bad debts and finance overheads. This includes metering costs and customer-related billing and service overheads (like staff salary c£0.45 million), which are classified as indirect costs in accordance with Ofgem's CSS Guidance (paragraph 1.40).

Cost Classification – Metering and Billing

In accordance with Ofgem's Consolidated Segmental Statement Guidance (paragraph 1.41), metering costs and customer-related billing overheads totalling approximately £0.45 million have been classified as Indirect Costs. This classification reflects the nature of these costs as overhead functions that support the overall operation of the gas supply business, rather than costs directly attributable to individual gas purchases or supplies.

Hedging

-Our strategy is to use National Grid Gas/Xoserve balancing mechanism to supply our gas portfolio.

-Default customer tariffs, our pricing policy to monitor competitor pricing information to set the default tariff rate. If the commodity gas costs go above the default tariff amount, we reserve the right to increase the rate amount. If the cost of gas is above the deemed rate, National Gas is exposed to this risk.

Volume Risk Disclosure:

UK National Gas operates a consumption-based supply model consistent with standard non-domestic market practices. Under our contractual framework, the risk arising from differences between forecast and actual customer consumption ("volume risk") is managed through billing based on actual metered usage. This ensures accurate cost allocation and promotes efficient energy consumption.

For customers on fixed-term agreements, any deviation between expected and actual volumes is reflected in billing in accordance with the contract terms. This structure ensures that supply costs are aligned with actual consumption while maintaining price transparency.

For customers supplied under out-of-contract or deemed arrangements, volume forecasting and balancing are managed through the National Grid Gas/Xoserve daily balancing mechanism, which allows the company to align procurement with aggregate customer demand. Material or sustained variances are reviewed periodically and may inform adjustments to pricing structures to reflect prevailing market conditions.

Customers remain responsible for usage variations under their contractual terms, while UK National Gas manages portfolio-level balancing through the National Grid Gas/Xoserve mechanism. This approach aligns with Ofgem's market framework, in which both suppliers and customers share responsibility for efficient energy management and demand accuracy.

Other Items

No depreciation or amortization was recorded. No mark-to-market or revaluation adjustments applied.