Financial Statements

Independent Auditor's Report

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Centrica plc (the 'Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2025 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Group Income Statement;
- the Group Statement of Comprehensive Income;
- the Group Statement of Changes in Equity;
- the Group Balance Sheet;
- the Group Cash Flow Statement;
- the related notes to the Group financial statements 1 to 27;
- the supplementary notes S1 to S11 of the Group financial statements;
- the Company Statement of Changes in Equity;
- the Company Balance Sheet; and
- the notes I to XVII to the Company financial statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. 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 and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and Company for the year are disclosed in note S9 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • valuation of energy supply billed debt provision within British Gas Energy; • revenue recognition in British Gas Energy and CBS Energy Supply; • impairment of the Group's investment in Nuclear (excluding Sizewell C), including estimates of future price assumptions; • the valuation of complex energy derivative contracts; and • the valuation of the decommissioning provision in Spirit Energy. The interpretation and application of the Electricity Generator Levy (EGL) remains a key source of estimation uncertainty, as disclosed by management in note 3 of the financial statements. However, the absence of any significant change in the underlying estimate in the current year meant this is no longer considered a key audit matter. Within this report, key audit matters are identified as follows: ! Newly identified △ Increased level of risk ◁▷ Similar level of risk ▽ Decreased level of risk
Materiality	The materiality that we used for the Group financial statements was £68.0m (2024: £79.8m), determined using a blend of adjusted profit before tax and total assets, rather than determined solely based on adjusted profit before tax as in previous years. Adjusted profit before tax is the pre-tax profit adjusted for the impact of exceptional items and certain re-measurements as presented in the Group Income Statement. The blend of this measure with the total assets measure reflects a more stable base which is aligned to the interests of stakeholders and to the business strategy and consistent with the level of business activity.
Scoping	Other than the components presented below, all components of the Group were subject to an audit of the component's financial information. The following components were subject to an audit of specified account balances: • British Gas Services and Solutions; • Centrica Business Solutions – Assets; • Bord Gáis; and • Centrica Energy Storage+. Centrica Business Solutions – New Energy Services continues to be subject of further audit procedures at the Group level.
Significant changes in our approach	Other than the change in key audit matters discussed above. There were no significant changes in our audit approach when compared to 2024.

4. 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's and Company's ability to continue to adopt the going concern basis of accounting included:

- assessing the Group's future cash flow forecasts, by considering actual cash flow performance in 2025, the current commodity price environment, historical accuracy of the Group forecasts and key assumptions underpinning the Group's going concern assessment;
- agreeing the level of committed undrawn facilities of £3.1bn (2024: £3.3bn) to signed facility agreements, the key terms of which have been reviewed by our treasury specialists;
- obtaining an understanding of the relevant controls over the going concern assessment;
- testing the clerical accuracy of the cash flow forecasts and assessing the appropriateness of the model used to prepare the forecasts;
- assessing the sensitivities run by the directors and the linkage of these sensitivities to the Group's principal risks disclosed on pages 32 to 39 of the Group's annual report and accounts. These sensitivities include the impact of increased margin outflows , a reduction in the Group's credit rating, a continuing impact of a low commodity price environment, adverse weather and worsening macroeconomic factors, a reduction in commodity trading performance, operational disruption such as cyber risk and the resultant impact on cashflows;
- assessing the mitigating actions that could be taken by the directors to maximise liquidity headroom including a reduction in capital expenditure and a reduction in discretionary spend; and
- assessing the appropriateness of the going concern disclosures in light of the above assessment.

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's and Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 Valuation of energy supply billed debt provisions within British Gas Energy ◁▷

Key audit matter description	The Group supplies gas and power to residential customers in the UK through its British Gas Energy business. Of the Group total of £4,008m (2024: £3,270m) billed trade receivables, UK residential energy customers make up £1,443m (2024: £1,146m). Cost of living challenges, including increased energy bills and mixed macroeconomic conditions, continue to affect customers' ability to pay their bills. This, coupled with the continued suspension of prepayment meter fitting activity, has led to an increased level of overdue debt. As a result, there continues to be significant judgement in determining the recoverability of customer debt, which raises the risk of material misstatement in determining the billed debt provision at 31 December 2025. Credit losses of £1,038m (2024: £799m) have been recognised on UK residential billed trade receivables, of which £812m (2024: £609m) relate to customer balances in excess of 360 days old. During the course of 2025, migration of UK residential customers from the historic SAP billing system to the new Ensek system continued, with all such customers migrated by year end. To determine the billed debt provision, certain key assumptions and judgements are made. These include: – the appropriateness of historical cash collection data in the new Ensek billing system as a basis for a key provision input, given that historical data in the Ensek system for the most recently migrated customer cohorts is limited; and – the accuracy of the mechanics of the bad debt provision model, which is an Ensek model being applied for the first time rather than the previous, well established, SAP model. Further details on billed debt provisions relating to trade receivables can be found in notes 3 and 17. These matters are also considered by the Audit and Risk Committee in its report on pages 72 to 80.
How the scope of our audit responded to the key audit matter	• We obtained an understanding of the controls relevant to the estimation and determination of bad debt provision model assumptions and inputs. With involvement of our data analytics specialists, we tested the completeness and accuracy of the underlying debt books, including the recalculation of management's provision rates based on historical cash collection. This involved validation of key metrics such as debt ageing and historical recovery rates by customer class, and independent recalculation of provision rates. • We assessed historical debt collection patterns over 2024 and 2025 in order to estimate an expected profile of the recovery of 31 December 2025 balances. We then applied this profile to 31 December 2025 debt and assessed the impact of these changes on the billed debt provision estimate. • We considered the extent to which the final provision determined by management adequately factored in the current macroeconomic environment and its likely impact on future cash collection. We assessed the appropriateness of the disclosures provided relating to this key source of estimation uncertainty, and the range of sensitivities disclosed.
Key observations	We are satisfied that the billed debt provisions in relation to British Gas Energy receivables, and the disclosures in relation to the provisions as a key source of estimation uncertainty, are appropriate.

5.2 Revenue recognition in British Gas Energy and CBS Energy Supply ◁▷

Key audit matter description	UK energy supply revenue of £15,261m (2024: £15,823m) is a matter of significant audit focus due to its materiality to the Group's financial statements. Following the migration of all British Gas Energy customers from the legacy SAP system to the Ensek platform during the year, all UK residential revenue and a portion of UK small business revenue is now processed through the Ensek platform. As highlighted in the Audit and Risk Committee's report at page 73, the Ensek control environment has continued to develop during the year. ISA(UK) 240: "The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements", requires us to presume a risk of fraud within revenue recognition. We have pinpointed this risk to the accuracy and completeness of unread revenue processed through Ensek, given the evolving nature of the controls over this new system and the consumption estimations required to be made in respect of unread meters. Unread revenue comprises both billed and unbilled revenue. In addition, given the ongoing enhancement of general IT controls, as highlighted in section 7.2 of this report, we performed additional audit tests to respond to the general IT control findings in the legacy SAP billing environment, where CBS Energy Supply customers continue to be housed. Given the above factors we have determined British Gas Energy unread revenue (Ensek) and CBS Energy supply revenue (SAP) to be a key audit matter. Further details on revenue recognition relating to unread revenue can be found in notes 3 and 4. These matters are also considered by the Audit and Risk Committee in its report on page 79.
How the scope of our audit responded to the key audit matter	• We obtained an understanding of the relevant Ensek controls, including those regarding the completeness and accuracy of estimated consumption data. We did not plan to place reliance on these controls due to the developing maturity of the control environment. • For the legacy SAP application, our procedures included obtaining an understanding of and testing the underlying revenue controls. Having identified user access security control deficiencies in the Group's SAP estate, we performed a combination of additional procedures, including but not limited to testing of compensating manual controls to gain comfort over the accuracy and completeness of revenue. • We performed tests of detail over the Ensek unread energy (billed) supply volume and pricing revenue data, agreeing amounts back to contractual tariffs and recalculating estimated volume using industry data. • We evaluated an expectation of the British Gas Energy and CBS Energy Supply revenue, comparing differences to predetermined thresholds, and tested the completeness and accuracy of the key inputs to the expectation. • We worked with our data analytics specialists to recalculate unbilled revenue and tested the completeness and accuracy of the underlying data used in management's calculation. • We performed a historical accuracy assessment by comparing prior period unbilled revenue estimates to subsequent billed activity to evaluate the accuracy of management's prior period estimation.
Key observations	We are satisfied that unread revenue recognised through British Gas Energy, and revenue recognised through CBS Energy Supply, including the methodology to generate the unbilled revenue estimate, is appropriate.

5.3 Impairment of the Group's investment in Nuclear (excluding Sizewell C), including estimates of future price assumptions ◁▷

Key audit matter description	The Group makes judgements in considering whether the carrying amount of its investment in Nuclear (excluding Sizewell C) is recoverable, and applies estimates and assumptions in determining its recoverable amount. Key assumptions in the determination of recoverable amount include: forecast future commodity prices; forecast cashflows including forecast production and capital expenditure; life extensions and discount rates. We identified a key audit matter around the determination of the recoverable amount of this investment. The Group's balance sheet includes a net book value of £578m (2024: £794m) interest in its Nuclear investment. In the Infrastructure segment, an impairment of the Nuclear investment of £251m (2024: £48 million) has been recorded within the Exceptional items and certain re-measurements column of the Group Income Statement. The details on the key sources of estimation uncertainty underpinning the impairment for this investment can be found in note 3. Details on the sensitivity of the above impairment assessment to changes in key assumptions such as commodity prices are disclosed in note 7. This includes sensitivities associated with the Group's commodity price curves if these curves were aligned with a Net Zero scenario ('Net Zero curve') which assumes governmental policies are put in place to achieve the temperature and net zero goals by 2050. The matter is also considered by the Audit and Risk Committee in its report on pages 77 to 78.
How the scope of our audit responded to the key audit matter	• We understood management's process for identifying indicators of impairment and for performing their impairment assessment. • We obtained an understanding of the relevant controls relating to the investment impairment model, the underlying forecasting process and the impairment reviews performed. • We evaluated the forecast future cash flows including key assumptions and inputs into the impairment model, which included performing sensitivity analysis, to evaluate the impact of selecting alternative assumptions. We also, where relevant, assessed judgements made in respect of life extensions, capital expenditure and production outages. • We evaluated changes in key assumptions, in particular the refinement of the estimation methodology applied to forecasting commodity price assumptions. We worked with our commodity pricing specialists to derive an acceptable range against which we assessed the Group's forecast commodity prices. We also performed sensitivity analysis with alternative future prices. These alternative scenarios included one which assumes governmental policies are put in place to achieve the temperature and net zero goals by 2050. We assessed management's disclosures relating to the sensitivity of the Group's impairment tests to reduced commodity prices, including the Net Zero scenarios. • With the involvement of our valuation specialists, we evaluated the discount rates, which involved benchmarking against available market views and analysis. • We tested the arithmetical accuracy of the impairment model. • We assessed the appropriateness of disclosures of the key assumptions and sensitivities including the presentation of the impairment cost within the Exceptional items and certain re-measurements column of the Group Income Statement, and consistency with the Group's accounting policy.
Key observations	We are satisfied that the key assumptions used to determine the recoverable amount of the Group's investment, including forecast future commodity prices, forecast cashflows including forecast production and capital expenditure, life extensions and discount rates, are within a reasonable range. The Group's future commodity price estimates generally fall within the acceptable range. We consider the sensitivity disclosures related to the impact of future commodity price estimates arising from climate change on the Group's impairment assessment to be appropriate. We are satisfied that the impairment charge recognised by the Group for the year is appropriate and we found the presentation of this cost under the Exceptional items and certain re-measurements column of the Group Income Statement to be consistent with the Group's exceptional items accounting policy.

5.4 The valuation of complex energy derivative contracts ◁▷

Key audit matter description	Note 7 of the financial statements discloses a re-measurements loss of £345m for the year (2024: profit of £421m) on energy derivative contracts. Details on the Group's energy contracts can be found in note 19 and note S3. The key sources of estimation uncertainty associated with energy contracts can be found in note 3 with further details on the presentation of certain re-measurement arising on derivatives disclosed in note 2. The matter is also considered by the Audit and Risk Committee in its report on page 76. The Group undertakes proprietary trading activities and enters into forward commodity contracts to optimise the value of its production and generation assets, as well as to meet the future needs of its customers. Certain of these arrangements entered into are accounted for as derivative financial instruments and are recorded at fair value. We identified a key audit matter related to the valuation of complex derivative trades performed internally by management's valuation specialists, including new hedging contracts entered into in the year to hedge long-term LNG supply arrangements. Valuing complex energy derivative contracts requires judgement, particularly where there are bespoke contractual terms, modelling complexity and significant unobservable inputs that are not corroborated by market data. Management use these with internally developed methodologies that result in their best estimate of fair value (level 3 in accordance with IFRS 13 'Fair Value Measurement'). Given the judgement involved and the potential for management bias in the modelling, we identified a potential risk of fraud. Level 3 complex energy derivative financial assets of £80m (2024: £164m) were recognised at 31 December 2025 and £140m (2024: £131m) level 3 complex energy derivative financial liabilities.
How the scope of our audit responded to the key audit matter	• We obtained an understanding of the Group's processes, including user access and segregation of duties controls, for authorising and recording commodity trades. • We obtained an understanding of and tested the relevant controls relating to the valuation of complex energy derivatives within the Group's Centrica Energy business. As a result of the user access security deficiencies identified in the valuation system, we performed additional substantive procedures to mitigate the risks presented by the deficiencies. • We assessed the competence, capability and objectivity of management's internal valuation specialists. • With the involvement of our financial instrument specialists, we assessed the value of material complex trades, either by creating an independent valuation or by testing how management developed their estimate. Particular emphasis was made to assess any new material models and material changes to relevant models and we performed additional procedures to assess the reasonableness and appropriateness of these. • We assessed the movement in the fair values based on the change in significant inputs, and tested these inputs, where relevant. • We considered the appropriateness of the relevant complex derivative energy contracts disclosures, including the key source of estimation uncertainty disclosures.
Key observations	We are satisfied that the valuation of complex energy derivative contracts is materially appropriate.

5.5 The valuation of the decommissioning provision in Spirit Energy ◁▷

Key audit matter description	A provision is recognised for the estimated cost of decommissioning at the end of the producing lives of gas fields in the Spirit Energy business unit within the Infrastructure segment. During the year there were disposals of Spirit Energy's interest in various gas fields (as explained in note 12 of the Group's financial statements) however, the Group has continued to hold decommissioning provisions of £1,302m (2024: £1,459m) as at 31 December 2025 and of these £961m (2024: £1,139m) are related to Spirit Energy. The liability arises in respect of both assets operated directly by Spirit Energy and assets operated by third-party operators (Spirit Energy non-operated assets). The decommissioning cost estimates include assumptions related to discount rates, management costs, wells costs, rates and norms that are sensitive and where a reasonably possible change would lead to a material difference in the provision. Management has involved specialists to assess and calculate the decommissioning obligations. Given the level of management judgement applied throughout the recognition of decommissioning provisions, we have identified this as a key audit matter and an area of fraud risk. Further details on decommissioning provisions can be found in notes 3 and 21. These matters are also considered by the Audit and Risk Committee in its report on pages 72 to 80.
How the scope of our audit responded to the key audit matter	• We obtained an understanding of the relevant controls around the valuation of the decommissioning provision. • With the involvement of our data analytics specialists, we identified the key assumptions to which the decommissioning model is most sensitive and performed focused audit procedures on the most sensitive inputs including corroborating and benchmarking those inputs to independent documentation, where available. • We evaluated the discount rates used by management, which involved benchmarking against available, relevant market data, including US and UK government bond yields and peer data. • We assessed the objectivity, capability and competence of the experts employed by management to assess and calculate the decommissioning obligations. For non-operated assets, we assessed the competence of each operator. • For non-operated assets we agreed the estimated decommissioning liability to the third-party operator estimate. Where management has not adopted the operator estimate, they produce their own estimate, and we have assessed the appropriateness of management's estimates. • We performed a retrospective review of costs incurred to assess the historical accuracy of decommissioning provision estimates. • We assessed the methodology applied in determining the decommissioning cost and the disclosures of the key sources of estimation uncertainty concerning the decommissioning provision in the Group accounts.
Key observations	We are satisfied that decommissioning provisions, key assumptions employed to derive these provisions and the associated methodology to assess them, are appropriate.

6. Our application of materiality

6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Materiality	£68.0m (2024: £79.8m)	£30.6m (2024: £35.8m)
Basis for determining materiality	We determined materiality using a blend of adjusted profit before tax and total assets, rather than solely based on adjusted profit before tax as in previous years. Adjusted profit before tax is the pre-tax profit adjusted for the impact of exceptional items and certain re-measurements as presented in the Group Income Statement. The blend of this measure with the total assets measure reflects a more stable base which is aligned to the interests of stakeholders and to the business strategy and consistent with the level of business activity. The determined materiality figure is 8.3% of adjusted profit before tax (2024: 5.0%) and 0.4% of total assets (2024: represented 0.4%).	We determined materiality based on 3.0% (2024: 3.0%) of net assets but capped materiality at 45% (2024: 45%) of the Group materiality. Our final materiality constituted 0.4% of net assets (2024: 0.5% of net assets).
Rationale for the benchmark applied	We considered the blended basis for materiality to be the most appropriate benchmark to measure the performance of the Group. This blended basis reflects a more stable base which is aligned to the interest of the stakeholders and to the business strategy.	We considered net assets to be the most appropriate benchmark given the primary purpose of the Company is a holding company.

6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Company financial statements
Performance materiality	70% (2024: 70%) of Group materiality	70% (2024: 70%) of Company materiality
Basis and rationale for determining performance materiality	The factors we considered in setting performance materiality at 70% of Group and Company materiality included: • The overall quality of the control environment and that we were able to rely on controls in certain of the Group's businesses. • The nature, size and number of uncorrected misstatements identified in previous audits and management's willingness to correct those adjustments.	

6.3 Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £3.4m (2024: £3.9m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1 Identification and scoping of components

Our audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Our assessment of components is driven by the underlying profit centre structure through which the management accounts are reported, rather than the segments disclosed in the Group's annual report and accounts. The component performance materiality levels that were used ranged from £21.4m to £26.1m (2024: £24.5m to £35.4m). Having performed this assessment, we established the following audit scope for each of the Group's businesses.

Components	Audit scope
British Gas Energy	Audit of the component's financial information
British Gas Services and Solutions	Audit of specified account balances of the component
CBS Energy Supply	Audit of the component's financial information
Centrica Business Solutions – Assets	Audit of specified account balances of the component
Centrica Business Solutions – New Energy Services	Further audit procedures performed at the Group level
Bord Gáis	Audit of specified account balances of the component
Centrica Energy (London)	Audit of the component's financial information
Centrica Energy (Aalborg)	Audit of the component's financial information
Nuclear	Audit of the component's financial information
Centrica Energy Storage+	Audit of specified account balances of the component
Spirit Energy	Audit of the component's financial information

This scoping resulted in 97% of Group revenue, 95% of Group adjusted profit before tax and 88% of Group shareholders' equity being subject to audit, excluding those where the Group engagement team performed specific further audit procedures. The equivalent figures in 2024 were 98% of Group revenue, 96% of the adjusted profit before tax and 93% of shareholders' equity.

The design of our audit approach reflects the Group structure, utilising data extracted from the Group's systems, to effectively address risks of material misstatement. We have deployed and utilised data analytics across the Group, providing a more detailed understanding of the flow of transactions, enabling us to focus our risk assessment and design targeted audit testing procedures. We embed technology throughout our audit to improve quality and effectiveness, including in the areas of planning, project management, risks and controls assessment, substantive testing and reporting insights to management and the Audit & Risk Committee.

To support our iterative risk assessment process, across significant account balances, we have used our data analytical tools to scrutinise large transactional data sets for unusual trends, characteristics, outliers or transaction flows to support our identification of audit risks.

Across the Group we have used our process analytics to automate audit testing in order to enhance both the quality and effectiveness of the audit. For example:

- In British Gas Energy we substantively recalculate the unbilled revenue estimate, comparing to management's system estimate (refer to 5.2). In respect of the billed debt provision for residential customers, we also use analytics to independently recalculate management's provision (refer to 5.1).
- In Centrica Energy (London), we use data analytics to substantively test gas and power trades from trade confirmations through to cash settlement, providing close to 100% coverage in evidencing the trading results.
- In the Spirit Energy business, we use modelling analytics to recalculate the decommissioning provision and to identify the key assumptions to which the decommissioning model is most sensitive. This enables the audit team to focus on corroborating and benchmarking the most material assumptions to audit evidence (refer to 5.5).

Across the whole Group, we continued to use profiling technology to identify journal entries that exhibit potential fraud characteristics in testing the appropriateness of journal entries and other adjustments as part of our response to the risk of management override of controls.

7.2 Our consideration of the control environment

Our audit strategy was designed such that general IT controls reliance is placed over certain processes within the more established businesses of the Group (such as revenue within British Gas Services and Solutions and Bord Gáis), and over the Group's central expenditure processes, with a non-controls reliance approach assumed in less-established areas of the business (for instance, the control environment around the Ensek platform).

Given the importance of IT to the recording of financial information and transactions, we tested general IT controls with the involvement of our IT specialists. The key IT systems we included in scope include the Group's SAP estate, including the billing platform within British Gas Energy, general ledger, and consolidation financial reporting systems, the SAP reporting system in Bord Gáis, the Endur trading system in Centrica Energy (London and Aalborg), and Workday which is used to manage the Group's payroll processes. As noted by the Audit and Risk Committee on page 73, there is an ongoing enhancement of general IT controls including in areas such as access management and segregation of duties. As a result of the status of this upgrade, we were able to place reliance on general IT controls over certain systems but not others. Where we did not obtain control reliance we revisited our risk assessment, and planned and performed additional audit tests to respond to the general IT control findings.

In Centrica Energy (London) we obtained an understanding of relevant controls over financial reporting and tested controls over Complex Level 3 valuations. We adopted a fully substantive approach using our data analytics technology which enables us to test close to 100% of all Level 2 trades. For Complex Level 3 valuations we followed a controls reliance approach.

As noted in the Audit and Risk Committee report on page 73, the Group continues to prepare to make an appropriate declaration under provision 29 of the UK Corporate Governance Code.

7.3 Our consideration of climate-related risks

Management performed an assessment of the resilience of their annual strategic and financial planning process in the face of climate-related issues. This included assessing the potential impact of the material risks and opportunities and its Climate Transition Plan on both the current balance sheet position and its accounting policies.

Management identified higher risks of material misstatement on the impact of the Net Zero price scenario on the Nuclear investment (excluding Sizewell C) and Power asset impairment tests. In response, management performed further sensitivities based on forecast prices aligned to net zero price curves. The net zero price curves for Nuclear (excluding Sizewell C) and Power assets, consider prices from third party experts in forecast curves.

We reviewed management's climate change risk assessment and evaluated the completeness of the identified risks and impact on the financial statements. We also considered climate change within our audit risk assessment process in conjunction with our assessment of the balances.

To mitigate the Net Zero price scenario risk for the Group's investment in Nuclear and Power Assets, we performed the following procedures:

- Assessed the reasonableness of management's net zero prices by comparing these to credible third-party net zero price curves.
- Evaluated the price providers' data utilised by the Group to assess whether net zero price curves are appropriate.
- Verified the mathematical accuracy of the conversion to Nominal 2025 prices by adjusting the raw external price forecast data for inflation.

With the involvement of our climate specialists, we:

- evaluated the financial statement disclosures to assess whether climate risk assumptions underpinning specific account balances were appropriately disclosed as well as climate related disclosures in note 3 Critical accounting judgements and key sources of estimation uncertainty; and
- read the climate change-related statements (as disclosed in the 'People and Planet' section in the Strategic Report on page 42 and considered whether the information included in the narrative reporting is materially consistent with the financial statements and our knowledge obtained in the audit.

7.4 Working with other auditors

All components except for Bord Gáis and Centrica Energy – Aalborg ("Aalborg") are audited from the UK and we oversee all component audits through regular meetings and direct supervision. We visited both Bord Gáis and Aalborg during the year to support our overarching direction, supervision and oversight procedures. The Group audit team was directly involved in overseeing the component audit planning and execution, through frequent conversations, virtual and in person meetings, debate, challenge and review of reporting and underlying work papers. We held a two-day planning meeting with all component teams and specialists to discuss audit execution and our risk assessment, including risks of material misstatement due to fraud. In addition to our direct interactions and detailed instructions to our component audit teams, Jane Boardman, as lead audit partner, was also the lead audit partner for the British Gas Energy component. This enabled direct Group supervision on one of the most significant components of the Group.

We are satisfied that the level of involvement of the lead audit partner and Group audit team in the component audits has been extensive and has enabled us to conclude that sufficient appropriate audit evidence has been obtained in support of our opinion on the Group financial statements as a whole.

8. Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. 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 Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

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

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

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

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

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the Group's own assessment of the risks that irregularities may occur either as a result of fraud or error including the Group's fraud risk programme;
- results of our enquiries of management, internal audit, the directors and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations.
- the matters discussed among the audit engagement team including the component audit teams and relevant internal specialists, including tax, valuations, pensions, climate, treasury, data analytics, commodity pricing, financial instrument and IT, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- valuation of energy supply billed debt provision within British Gas Energy;
- revenue recognition in British Gas Energy and CBS Energy Supply;
- the valuation of complex energy derivative contracts; and
- the valuation of the decommissioning provision in Spirit Energy.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, the UK Listing Rules, the Electricity Generator Levy, pensions and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the regulations set by the Office of Gas and Electricity Markets (Ofgem) and Regulations by the UK Financial Conduct Authority (FCA) and Prudential Regulatory Authority (PRA).

11.2 Audit response to risks identified

As a result of performing the above, we identified the following as key audit matters related to the potential risk of fraud: (1) valuation of energy supply billed debt provision within British Gas Energy; (2) revenue recognition in British Gas Energy and CBS Energy Supply; (3) the valuation of complex energy derivative contracts; and (4) the valuation of the decommissioning provision in Spirit Energy. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit and Risk Committee, in-house legal counsel and the Group's ethics team concerning actual and potential litigation and claims;
- reviewing the reporting to the Audit and Risk Committee, on matters relating to fraud and potential non-compliance with laws and regulations including the Group's whistleblowing programme;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC, Ofgem, the FCA and the PRA; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including internal specialists and component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

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

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 118;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 40;
- the directors' statement on fair, balanced and understandable set out on page 119;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 32;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 72; and
- the section describing the work of the Audit & Risk Committee set out on pages 72 to 80.

14. Matters on which we are required to report by exception

14.1 Adequacy of explanations received and accounting records
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2 Directors' remuneration
Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1 Auditor tenure
Following the recommendation of the Audit and Risk Committee, we were reappointed by the shareholders on 28 July 2025 to audit the financial statements for the year ending 31 December 2025 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 9 years, covering the years ending 31 December 2017 to 31 December 2025.

15.2 Consistency of the audit report with the additional report to the Audit & Risk Committee
Our audit opinion is consistent with the additional report to the Audit & Risk Committee we are required to provide in accordance with ISAs (UK).

16. 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.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements will form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

Jane Boardman FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
18 February 2026

Group Income Statement

Year ended 31 December	Notes	2025 Business performance £m	2025 Exceptional items and certain re-measurements £m	2025 Results for the year £m	2024 Business performance £m	2024 Exceptional items and certain re-measurements £m	2024 Results for the year £m
Group revenue	4,7	**21,566**	**(2,873)**	**18,693**	23,836	(4,723)	19,113
Insurance revenue	4,S7	**799**	**—**	**799**	800	—	800
Total Group revenue		**22,365**	**(2,873)**	**19,492**	24,636	(4,723)	19,913
Cost of sales before insurance service expenses (i)	5,7	**(18,757)**	**7,318**	**(11,439)**	(20,368)	9,064	(11,304)
Insurance service expenses recognised in cost of sales	5,S7	**(474)**	**—**	**(474)**	(460)	—	(460)
Re-measurement and settlement of derivative energy contracts	5,7	**—**	**(4,748)**	**(4,748)**	—	(4,062)	(4,062)
Gross profit/(loss)	4,7	**3,134**	**(303)**	**2,831**	3,808	279	4,087
Operating costs before insurance service expenses, credit losses on financial assets and exceptional items	5	**(1,772)**	**—**	**(1,772)**	(1,833)	—	(1,833)
Insurance service expenses recognised in operating costs	5,S7	**(288)**	**—**	**(288)**	(306)	—	(306)
Credit losses on financial assets	5,17	**(418)**	**—**	**(418)**	(373)	—	(373)
Exceptional items	7	**—**	**(405)**	**(405)**	—	(128)	(128)
Operating costs	5	**(2,478)**	**(405)**	**(2,883)**	(2,512)	(128)	(2,640)
Results relating to joint ventures and associates, net of interest and taxation	6	**158**	**—**	**158**	256	—	256
Group operating profit/(loss)	4	**814**	**(708)**	**106**	1,552	151	1,703
Financing costs	7,8	**(237)**	**—**	**(237)**	(269)	(68)	(337)
Investment income	8	**243**	**—**	**243**	313	—	313
Net finance income/(cost)	8	**6**	**—**	**6**	44	(68)	(24)
Profit/(loss) before taxation		**820**	**(708)**	**112**	1,596	83	1,679
Taxation on profit/(loss)	7,9	**(265)**	**102**	**(163)**	(553)	239	(314)
Profit/(loss) for the year		**555**	**(606)**	**(51)**	1,043	322	1,365
Attributable to:							
Owners of the parent		**534**	**(606)**	**(72)**	984	348	1,332
Non-controlling interests		**21**	**—**	**21**	59	(26)	33

Earnings per ordinary share		2025 Pence	2024 Pence
Basic	10	**(1.5)**	25.7
Diluted	10	**(1.5)**	25.1
Interim dividend paid per ordinary share	11	**1.83**	1.50
Final dividend proposed per ordinary share	11	**3.67**	3.00

(i) Cost of sales includes a £42 million credit (2024: £142 million debit) relating to movements in onerous contracts provisions within the certain re-measurements column. See notes 2 and 7.

The notes on pages 139 to 234 form part of these Financial Statements.

Group Statement of Comprehensive Income

Year ended 31 December	Notes	2025 £m	2024 £m
(Loss)/profit for the year		**(51)**	1,365
Other comprehensive income			
Items that will be or have been reclassified to the Group Income Statement:			
Impact of cash flow hedging, net of taxation	S4	**(5)**	2
Exchange differences on translation of foreign operations [(i)]	S4	**24**	(49)
Exchange differences reclassified to the Group Income Statement on disposal	S4	**2**	—
Share of other comprehensive loss of joint ventures related to cash flow hedging, net of taxation	14,S4	**(8)**	—
Items that will not be reclassified to the Group Income Statement:			
Net actuarial losses on defined benefit pension schemes, net of taxation	S4	**(324)**	(84)
Losses on revaluation of equity instruments measured at fair value through other comprehensive income, net of taxation	S4	**(5)**	(27)
Share of other comprehensive income of associates relating to defined benefit pension schemes, net of taxation	14,S4	**4**	38
Other comprehensive loss, net of taxation		**(312)**	(120)
Total comprehensive (loss)/income for the year		**(363)**	1,245
Attributable to:			
Owners of the parent		**(384)**	1,211
Non-controlling interests	S11	**21**	34

(i) Exchange differences on translation of foreign operations includes £24 million of gains (2024: £50 million of losses) attributable to the equity holders of the parent, and £nil (2024: £1 million of gains) attributable to non-controlling interests.

The notes on pages 139 to 234 form part of these Financial Statements.

Group Statement of Changes in Equity

	Share capital £m	Share premium £m	Retained earnings £m	Other equity £m	**Total £m**	Non-controlling interests £m	**Total equity £m**
1 January 2024	365	2,394	3,274	(2,156)	3,877	356	4,233
Profit for the year	—	—	1,332	—	1,332	33	1,365
Other comprehensive (loss)/income	—	—	—	(121)	(121)	1	(120)
Total comprehensive income/(loss)	—	—	1,332	(121)	1,211	34	1,245
Employee share schemes and other share transactions	—	—	(8)	41	33	—	33
Share buyback programme (note S4)	—	—	—	(480)	(480)	—	(480)
Shares cancelled in the year (note 26)	(21)	—	(400)	421	—	—	—
Dividends paid to equity holders (note 11)	—	—	(219)	—	(219)	—	(219)
31 December 2024	344	2,394	3,979	(2,295)	4,422	390	4,812
(Loss)/profit for the year	—	—	(72)	—	**(72)**	21	**(51)**
Other comprehensive loss	—	—	—	(312)	**(312)**	—	**(312)**
Total comprehensive (loss)/income	—	—	(72)	(312)	**(384)**	21	**(363)**
Employee share schemes and other share transactions	—	—	(12)	66	**54**	—	**54**
Share buyback programme (note S4)	—	—	—	(770)	**(770)**	—	**(770)**
Shares cancelled in the year (note 26)	(31)	—	(681)	712	**—**	—	**—**
Dividends paid to equity holders (note 11)	—	—	(237)	—	**(237)**	—	**(237)**
31 December 2025	313	2,394	2,977	(2,599)	**3,085**	411	**3,496**

The notes on pages 139 to 234 form part of these Financial Statements.

Group Balance Sheet

	Notes	31 December 2025 £m	31 December 2024 £m
Non-current assets			
Property, plant and equipment	13	**1,488**	1,859
Interests in joint ventures and associates	14	**1,171**	794
Other intangible assets	15	**318**	318
Goodwill	15	**504**	478
Deferred tax assets	16	**659**	339
Trade and other receivables, and contract-related assets	17	**254**	179
Derivative financial instruments	19	**276**	267
Retirement benefit assets	22	**12**	129
Other investments	24	**121**	87
Securities	25	**105**	139
		4,908	4,589
Current assets			
Trade and other receivables, and contract-related assets	17	**4,675**	5,204
Other intangible assets	15	**256**	319
Inventories	18	**339**	904
Derivative financial instruments	19	**600**	1,309
Current tax assets		**90**	70
Securities	25	**2**	—
Cash and cash equivalents	25	**4,307**	6,338
		10,269	14,144
Assets of disposal groups classified as held for sale	12	**238**	—
		10,507	14,144
Total assets		**15,415**	18,733
Current liabilities			
Derivative financial instruments	19	**(693)**	(932)
Trade and other payables, and contract-related liabilities	20	**(5,581)**	(6,392)
Insurance contract liabilities	S7	**(122)**	(175)
Current tax liabilities		**(113)**	(181)
Provisions for other liabilities	21	**(318)**	(368)
Bank overdrafts, loans and other borrowings	25	**(232)**	(854)
		(7,059)	(8,902)
Liabilities of disposal groups classified as held for sale	12	**(175)**	—
		(7,234)	(8,902)
Non-current liabilities			
Deferred tax liabilities	16	**(2)**	(88)
Derivative financial instruments	19	**(343)**	(455)
Trade and other payables, and contract-related liabilities	20	**(138)**	(175)
Provisions for other liabilities	21	**(1,271)**	(1,493)
Retirement benefit obligations	22	**(307)**	(150)
Bank loans and other borrowings	25	**(2,624)**	(2,658)
		(4,685)	(5,019)
Total liabilities		**(11,919)**	(13,921)
Net assets		**3,496**	4,812
Share capital	26	**313**	344
Share premium		**2,394**	2,394
Retained earnings		**2,977**	3,979
Other equity	S4	**(2,599)**	(2,295)
Total shareholders' equity		**3,085**	4,422
Non-controlling interests	S11	**411**	390
Total shareholders' equity and non-controlling interests		**3,496**	4,812

The Financial Statements on pages 134 to 234, of which the notes on pages 139 to 234 form part, were approved and authorised for issue by the Board of Directors on 18 February 2026 and were signed below on its behalf by:

Chris O'Shea — **Group Chief Executive**

Russell O'Brien — **Group Chief Financial Officer**

Centrica plc Registered No: 03033654

Group Cash Flow Statement

Year ended 31 December	Notes	2025 £m	2024 £m
Group operating profit including results relating to joint ventures and associates		**106**	1,703
Deduct results relating to joint ventures and associates, net of interest and taxation	6	**(158)**	(256)
Group operating (loss)/profit before results relating to joint ventures and associates		**(52)**	1,447
Add back/(deduct):			
Depreciation and amortisation	13,15	**428**	473
Impairments	4,7	**519**	98
Gain on disposals	12	**(74)**	(4)
(Decrease)/increase in provisions		**(129)**	110
Cash contributions to defined benefit schemes in excess of service cost income statement charge		**(150)**	(208)
Employee share scheme costs		**56**	47
Unrealised losses arising from re-measurement of energy contracts		**362**	96
Operating cash flows before movements in working capital relating to business performance and payments relating to taxes, exceptional charges and operating interest		**960**	2,059
Decrease in inventories		**546**	164
Decrease in trade and other receivables and contract-related assets relating to business performance		**413**	241
Decrease in trade and other payables and contract-related liabilities relating to business performance		**(795)**	(657)
Operating cash flows before payments relating to taxes, exceptional charges and operating interest		**1,124**	1,807
Taxes paid	9	**(375)**	(636)
Operating interest paid	8	**(16)**	(16)
Payments relating to exceptional charges in operating costs	7	**(38)**	(6)
Net cash flow from operating activities		**695**	1,149
Purchase of businesses and assets, net of cash acquired	12	**(22)**	(92)
Sale of businesses and interests in joint operations, including receipt of deferred consideration	12	**119**	4
Purchase of property, plant and equipment and intangible assets	4	**(554)**	(416)
Sale of property, plant and equipment and intangible assets		**12**	—
Investments in joint ventures and associates	14	**(609)**	—
Dividends received from joint ventures and associates	14	**135**	355
Interest received		**227**	317
Net purchase of other investments	24	**(42)**	(56)
Settlement of securities	25	**57**	400
Purchase of securities	25	**(13)**	(19)
Net cash flow from investing activities		**(690)**	493
Payments for own shares	S4	**(9)**	(8)
Share buyback programme	S4	**(827)**	(499)
Cash inflow from borrowings	25	**13**	483
Financing interest paid	25	**(181)**	(283)
Cash outflow from repayment of borrowings and capital element of leases	25	**(156)**	(1,022)
Equity dividends paid	11	**(237)**	(219)
Net cash flow from financing activities		**(1,397)**	(1,548)
Net (decrease)/increase in cash and cash equivalents		**(1,392)**	94
Cash and cash equivalents including overdrafts as at 1 January		**5,693**	5,629
Effect of foreign exchange rate changes	25	**(29)**	(30)
Cash and cash equivalents including overdrafts at 31 December	25	**4,272**	5,693
Included in the following line of the Group Balance Sheet:			
Cash and cash equivalents	25	**4,307**	6,338
Overdrafts included within current bank overdrafts, loans and other borrowings	25	**(35)**	(645)

The notes on pages 139 to 234 form part of these Financial Statements.

Notes to the Financial Statements

Notes to the Financial Statements provide additional information required by statute, accounting standards or Listing Rules to explain a particular feature of the consolidated Financial Statements.

The notes to these Financial Statements focus on areas that are key to understanding our business. Additional information that we are required to disclose by accounting standards or regulation is disclosed in the Supplementary Information (notes S1 to S11).

In addition, for clarity, notes begin with a simple introduction outlining their purpose.

1. Basis of preparation and summary of significant new accounting policies and reporting changes

This section details new accounting standards, amendments to standards and interpretations, whether these are effective in 2025 or later years, and if and how these are expected to impact the financial position and performance of the Group.

The material accounting policies applied in the preparation of these consolidated Financial Statements are set out below and in the Supplementary Information (note S2). Unless otherwise stated, these policies have been consistently applied to the years presented.

(a) Basis of preparation

The consolidated Financial Statements have been prepared in accordance with United Kingdom adopted International Accounting Standards and in conformity with the requirements of the Companies Act 2006.

The consolidated Financial Statements have been prepared on the historical cost basis except for: certain gas inventory, derivative financial instruments, financial instruments required to be measured at fair value through profit or loss or other comprehensive income, and those financial instruments so designated at initial recognition, and the assets of the Group's defined benefit pension schemes that have been measured at fair value; the liabilities of the Group's defined benefit pension schemes that have been measured using the projected unit credit valuation method; and the carrying values of recognised assets and liabilities qualifying as hedged items in fair value hedges that have been adjusted from cost by the changes in the fair values attributable to the risks that are being hedged.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future, which reflects a period of twelve months from the date of approval of the accounts, with modelled analysis extending to 31 December 2028. The scenarios considered as part of the going concern assessment are consistent with those used in the longer-term viability statement. In particular, cash forecasts for the Group have been stress-tested for different scenarios including reasonably possible increases/decreases in commodity prices and the risk scenarios described in the viability statement, assessing reasonably possible combinations of risks, the largest of which is the increased margin outflows in our trading businesses. Risks considered also include the continuing impact of a low commodity price environment and resultant profitability of the Group's Infrastructure business, significant adverse weather events, increased bad debt charges, trading and hedging underperformance and operational disruption including cyber risk, supply chain failures, asset outages or industrial action. The Group's strong liquidity position, coupled with its ability to deploy effective mitigating actions, ensures resilience against a volatile external risk environment. The Group continues to manage the Group's financing profile through accessing a diverse source of term funding and maintaining access to carefully assessed levels of standby liquidity which support the Group's planned financial commitments. The level of undrawn committed bank facilities and available cash resources has enabled the Directors to conclude that there are no material uncertainties relating to going concern. As a result, the Group continues to adopt the going concern basis of accounting in preparing the financial statements. Further information on the Group's strong liquidity position, including its indebtedness and available committed facilities, is provided in note 25.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity and areas where assumptions and estimates are significant to the consolidated Financial Statements are described in notes 2 and 3.

(b) New accounting policies, standards, amendments and interpretations effective or adopted in 2025

From 1 January 2025, the following standards and amendments are effective in the Group's consolidated Financial Statements:

- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' Lack of Exchangeability, effective from 1 January 2025.

This amendment has not had a material impact on the consolidated Financial Statements during the year.

(c) Standards and amendments that are issued but not yet applied by the Group

At the date of authorisation of these consolidated Financial Statements, the Group has not applied the following new and revised standards and amendments that have been issued but are not yet effective:

- Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures', Amendments to the Classification and Measurement of Financial Instruments, effective from 1 January 2026;
- Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures', Contracts Referencing Nature-dependent Electricity, effective from 1 January 2026;
- Annual improvements to IFRS: Amendments to IFRS 1 'First-time Adoption of IFRS', IFRS 7, IFRS 9, IFRS 10 'Consolidated Financial Statements' and IAS 7 'Statement of Cash Flows', effective from 1 January 2026;
- IFRS 18 'Presentation and Disclosure in Financial Statements', effective from 1 January 2027; and
- IFRS 19 'Subsidiaries without Public Accountability', effective from 1 January 2027.

The potential impact of IFRS 18 'Presentation and Disclosure in Financial Statements', and the amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures' in respect of Nature-dependent Electricity are given below.

1. Basis of preparation and summary of significant new accounting policies and reporting changes

IFRS 18 'Presentation and Disclosure in Financial Statements'

IFRS 18 will replace IAS 1 'Presentation of Financial Statements' and become effective on 1 January 2027. IFRS 18 will introduce new requirements on presentation and disclosure in the financial statements, with a focus on the income statement and reporting of financial performance. Income and expenses in the income statement will be classified into five categories – operating, investing, financing, income taxes and discontinued operations. Two new subtotals will be presented: 'Operating profit or loss' and 'Profit or loss before financing and income tax'.

IFRS 18 will also require disclosures about management-defined performance measures in the financial statements and disclosure of information based on enhanced general requirements on aggregation and disaggregation. The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

The Group has assessed the impact of IFRS 18 and notes that the presentation of the Group's share of profits and losses of joint ventures and associates is expected to be shown within investing activities, rather than Group operating profit or loss. Additionally, the Group's investment income is expected to also be shown within investing activities, rather than Group net finance income/cost. The Group currently intends to present foreign exchange differences on intercompany balances within operating activities; clarification is expected from IFRIC on this matter. Certain other reclassifications have been identified; these are not expected to be material to the Group's financial statements.

The Group has considered the IFRS 18 guidance on aggregated and disaggregated information and is not anticipating any changes to the Group Balance Sheet other than separate presentation of goodwill as a line item. The Group is also evaluating its use of existing non-GAAP measures and their presentation within the income statement to ensure compliance with the requirements of IFRS 18. The Group's assessment is not yet final and further changes upon the implementation of IFRS 18 may be required.

Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures', Contracts Referencing Nature-dependent Electricity

The International Accounting Standards Board (IASB) has introduced targeted amendments to IFRS 9 and IFRS 7 aimed at resolving the challenges in accounting for electricity contracts, such as power purchase agreements, dependent on uncontrollable natural factors, such as weather conditions. The amendments clarify how entities should assess whether these contracts qualify for the 'own-use' exemption available under IFRS 9. Key considerations include whether the entity is a net purchaser over a reasonable time frame, taking into account variability in electricity generation. Amendments to hedge accounting have also been made to allow entities to designate a variable nominal volume of forecasted purchases or sales as the hedged item, provided certain conditions are met.

Management's initial assessment of the Group's own use purchase price electricity agreements is that there is sufficient downstream demand to ensure that the Group remains a net purchaser over a reasonable period of time with sales of unused electricity being incidental. The Group does not designate these contracts as the hedging instrument in a hedge of forecast electricity transactions.

Management does not currently expect the other issued but not effective amendments or standards, or standards not discussed above to have a material impact on the consolidated Financial Statements other than IFRS 18.

(d) Restatements

The Group has re-evaluated its operating and reportable segments during the year following a change in the way the business is organised and financial information is reported. Reportable and operating segments are now defined as:

- Retail;
- Optimisation; and
- Infrastructure

These revised segments reflect the way the Group's operating results are reported to, and regularly reviewed by, the Board to make decisions about resources to be allocated to the segments and assess their performance. Further information on the reportable segments of the Group is shown in note 4.

2. Centrica specific accounting measures

This section sets out the Group's specific accounting measures applied in the preparation of the consolidated Financial Statements. These measures enable the users of the accounts to understand the Group's underlying and statutory business performance separately.

(a) Use of adjusted performance measures

The Directors believe that reporting adjusted measures (revenue, margin, profit, earnings before interest, taxation, depreciation and amortisation, earnings per share and net cash/(debt)) provides additional useful information on business performance and underlying trends. These measures are used for internal performance purposes, are not defined terms under IFRS and may not be comparable with similarly titled measures reported by other companies.

Management uses adjusted revenue, adjusted gross margin and adjusted operating profit to evaluate segment performance. They are defined as revenue/gross margin/operating profit before:

- Exceptional items; and
- Certain re-measurements.

Exceptional items and certain re-measurements are excluded to enable the Directors to convey to the users an enhanced understanding of the Group's business performance. See section (b) of this note for further details. Segmental adjusted gross margin and adjusted operating profit exclude the impact of the colleague profit share because management considers it unrelated to segmental business performance. Similarly, because Segmental adjusted gross margin and adjusted operating profit are presented as managed by the Board, the elimination on consolidation of the internal margin and indirect costs on smart meter installation recognised in Retail and subsequently capitalised in the meter asset provider business within Infrastructure is also excluded.

Adjusted earnings is defined as earnings before:

- Exceptional items net of taxation; and
- Certain re-measurements net of taxation.

A reconciliation of adjusted earnings and adjusted earnings per share is provided in note 10.

Adjusted net cash/(debt) is used by management to assess the underlying indebtedness of the business. Adjusted net cash/(debt) is defined as cash and cash equivalents, net of bank overdrafts, borrowings, leases, interest accruals and related derivatives. This is adjusted for:

- Securities; and
- Sub-lease assets.

(b) Exceptional items and certain re-measurements

The Group reflects its underlying financial results in the business performance column of the Group Income Statement. To be able to provide users with this clear and consistent presentation, the effects of 'certain re-measurements' of financial instruments, and 'exceptional items', are reported in a different column in the Group Income Statement.

The Group is an integrated energy business. This means that it utilises its knowledge and experience across the gas and power (and related commodity) value chains to make profits across the core markets in which it operates. As part of this strategy, the Group enters into a number of forward energy trades to protect and optimise the value of its underlying production, generation, storage and transportation assets and contracts (and similar capacity or offtake arrangements including Liquefied Natural Gas (LNG)), as well as to meet the future needs of its customers (downstream demand). These trades are designed to reduce the risk of holding such assets, contracts or downstream demand and are subject to strict risk limits and controls.

Primarily because some of these trades include terms that permit net settlement, they are prohibited from being designated as 'own use' and so IFRS 9 'Financial Instruments' requires them to be individually fair valued.

Fair value movements on these commodity derivative trades do not reflect the underlying performance of the business because they are economically related to the Group's Infrastructure assets, capacity/offtake contracts or downstream demand, which are typically not fair valued. Similarly, where downstream customer supply contracts or LNG procurement contracts have become onerous as a result of significant market price movements (and the fact any associated commodity hedges have separately been recognised at fair value under IFRS 9 and therefore the onerous supply/LNG contract assessment must reflect the reversal of those gains in subsequent periods). Movements in the required provision are also reflected as a certain re-measurement in the 'Cost of sales' line item and separately disclosed in note 7.

Movements in this provision do not reflect the underlying performance of the business because they are economically related to both the hedges as well as forecast future profitability of the portfolio as a whole, in the case of the supply/LNG procurement contracts. Therefore, these certain re-measurements are reported separately and are subsequently reflected in business performance when realised, which is generally when the underlying transaction or asset impacts profit or loss. This enables the Group to convey the performance of the business both with and without the impact of such items.

The effects of these certain re-measurements are presented within either revenue or cost of sales when recognised in business performance depending on the nature of the contract. They are managed separately from proprietary energy trading activities where trades are entered into speculatively for the purpose of making profits in their own right. These proprietary trades are included in revenue in the business performance column of the Group Income Statement.

The Group's result for the year presents both realised and unrealised fair value movements on all derivative energy contracts within the 'Re-measurement and settlement of derivative energy contracts' line item.

Exceptional items are those items that, in the judgement of the Directors, need to be disclosed separately by virtue of their nature, size or incidence. Again, to ensure the business performance column reflects the underlying results of the Group, these exceptional items are also reported in the separate column in the Group Income Statement. Items that may be considered exceptional in nature include disposals of businesses or significant assets, business restructuring, debt repurchase/refinancing costs, legacy contract costs associated with business activities that have ceased, certain pension past service credits/costs, asset impairments/write-backs, and the tax effects of these items. Also tax impacts associated with legislative changes or as a result of commodity price movements may be considered as exceptional.

The Group distinguishes between business performance asset impairments/write-backs and exceptional impairments/write-backs on the basis of the underlying driver of the impairment, as well as the magnitude of the impairment. Drivers that are deemed to be outside of the control of the Group (e.g. commodity price changes) give rise to exceptional impairments. Additionally, impairment charges that are of a one-off nature (e.g. reserve downgrades or one-time change in intended use of an asset) and significant enough value to influence the understanding of the underlying results of the business are considered to be exceptional. Other impairments that would be expected in the normal course of business are reflected in business performance.

3. Critical accounting judgements and key sources of estimation uncertainty

This section sets out the key areas of judgement and estimation that have the most significant effect on the amounts recognised in the consolidated Financial Statements.

(a) Critical judgements in applying the Group's accounting policies

Management has made the following key judgements in applying the Group's accounting policies that have the most significant effect on the consolidated Group Financial Statements.

Spirit Energy consolidation

The Group judges that through its Board majority, it can control the relevant activities that most significantly influence the variable returns of the Spirit Energy business, including Board Reserved Matters. Consequently, Spirit Energy is fully consolidated. This assessment was carried out when the Group acquired Bayerngas Norge's exploration and production business, and combined this with the Group's existing exploration and production business to form the Spirit Energy business in 2017, and is considered annually to ensure consolidation remains appropriate.

The Group holds a 69% interest in Spirit Energy. The 31% minority interest shareholder does have some influence over decision-making activities, but does not possess any controlling rights over the Spirit Energy business.

Sales of Cygnus, Greater Markham Area and Southern North Sea interests

On 20 May 2025 the Group announced that it had agreed to sell part of Spirit Energy's interest in the Cygnus gas field, reducing its interest from 61.25% to 15%, to a subsidiary of Ithaca Energy plc for consideration of £123 million. The sale had a commercial effective date of 1 January 2025 and completed on 1 October 2025.

On 16 December 2025, the Group further announced that it had agreed to dispose of Spirit Energy's remaining 15% interest in the Cygnus gas field, together with all other gas producing assets in the Greater Markham Area and Southern North Sea to Serica Energy plc for a total value of £101 million. The Group has classified this as a disposal group held for sale at the reporting date with completion expected in the second half of 2026. See note 12 for further details.

The disposal groups did not represent a separate major line of business or geographical operation, because the Infrastructure segment retains other producing fields in the United Kingdom, and hence the Group concluded the disposal group did not constitute a discontinued operation.

Investment in Sizewell C nuclear plant

On 22 July 2025, the Group announced its acquisition of a 15% equity stake in the Sizewell C nuclear power station for committed consideration of £1.3 billion, funded primarily through a shareholder loan agreement provided over the construction phase of the contract. During 2025, £338 million was provided through the shareholder loan agreement, together with a £38 million equity contribution. The transaction completed on 4 November 2025. The loan receivable is presented within investments in joint ventures and associates on the Group Balance Sheet, with the interest thereon presented within adjusted operating profit in the Group Income Statement as it reflects part of the return from this investment.

Although the 15% equity ownership interest in the investee is below the typical threshold of 20% for presumed significant influence under IAS 28 'Investment in Associates and Joint Ventures', the Group has determined that it does have significant influence. Accordingly, the investment is classified as an associate and the Group is applying the equity method of accounting, presenting the investment within the same line items as the shareholder loan above . This judgement is based on qualitative factors demonstrating the Group's ability to participate in the financial and operating policy decisions of the investee. In particular, the Group holds a Board seat and also possesses specialised industry knowledge that influences strategic and operational matters and it also benefits from the right to enter an offtake agreement once the nuclear plant is operational.

The Group accounts for the shareholder loan agreement under IFRS 9, and presents it as part of the total investment in Sizewell C, with interest received presented within adjusted group operating profit. See notes 6 and 14 for details.

Investment in the Isle of Grain LNG terminal

On 14 August 2025 the Group announced its 50% equity investment in the Isle of Grain liquefied natural gas terminal (through Garden Topco Limited). The transaction completed on 28 November 2025.

The Group has determined that the investment is jointly controlled by the Group and its co-investor, Energy Capital Partners LLP (ECP). This critical judgement is based on a control assessment which determined that decisions affecting the returns of the investment are taken on a unanimous basis. The control assessment determined that both investors participate fully in the decisions affecting the operational decisions of the joint venture which is also governed on a day-to-day basis by its own independent executive management committee. The Group has not acquired additional rights to the LNG terminal services; these are subject to regulatory measures. As a result, the investment is presented as a joint venture and accounted for using the equity accounting method. The investment is presented as an investment in joint ventures and associates within the Group Balance Sheet, with the results of the joint venture presented within the Results relating to joint ventures and associates line item in the Group Income Statement. Were a different judgement reached, that the Group fully controlled the substantive activities of the business (as opposed to joint control), full consolidation of the Garden Topco Limited group would have been required, together with recognition of ECP's 50% non-controlling interest. See note S10(e) for summarised balance sheet and income statement information.

Liquefied Natural Gas (LNG) contracts

The Group is active in the LNG market, both procuring long-term LNG supply arrangements and transacting in shorter-term LNG cargoes. As part of its operations in the market, the Group optimises its contractual positions in order to meet customer demand for physical commodity. In response to the continuing development of the global LNG market which, consistent with prior years, is not considered to be active, the Group has reviewed its portfolio of LNG transactions and contracts. It has judged that its activities are carried out for the purpose of receipt or delivery of physical commodity in accordance with its expected purchase and sale requirements. As a result, the Group's contracts to buy and sell LNG meet the 'own-use' exemption and are hence outside the scope of IFRS 9 and accounted for on an accruals basis. Purchase contracts are accounted for as executory contracts under IAS 37 and sales contracts are accounted for under IFRS 15. As a consequence of this judgement, the LNG contracts are also assessed as to whether they may be onerous.

The Group considers it a critical judgement as to whether any onerous contract costs arising should be presented as a certain re-measurement until such time that the physical cargoes are delivered, or within business performance. The same judgement applies to the recognition, and timing, of unrealised hedging gains or losses relating to those contracts.

The onerous contract assessment ignores the portfolio of hedges associated with the LNG contracts because the hedges are separately marked to market. See notes 2(b) and 7(a) for further details on the accounting treatment of LNG onerous contracts and hedging derivatives within certain re-measurements. During the year, an additional £49 million was recognised in respect of onerous LNG contract provisions (2024: £82 million) and a total of £99 million was utilised during the year. See note 7 for details.

3. Critical accounting judgements and key sources of estimation uncertainty

Regulatory scheme accounting

As a UK energy supplier, the Group is required to comply with all regulatory schemes mandated by Ofgem's gas and electricity supplier licence conditions. The Group incurs material costs under a number of active schemes, for example: Energy Company Obligation (ECO), Great British Insulation Scheme (GBIS), Energy Intensive Industries Support Levy (EII), Warm Home Discount (WHD), Feed-in Tariff (FIT), Fuel Mix Disclosure (FMD), Renewables Obligation (ROCS), Capacity Market Levy, Smart Metering Transition, Supplier of Last Resort (SOLR) and Contracts for Difference (CFD). Certain of the schemes above also include provisions for mutualisation charges which require separate accounting analysis.

Under the requirements of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' the Group recognises a liability when there is a present obligation resulting from a past event and where economic outflow is probable. The Group determines the existence of a present obligation on a scheme-by-scheme and the accounting treatment differs accordingly.

The Group determines that the accounting for regulatory schemes is an area of critical accounting judgement because determining whether there is a present obligation may be judgemental.

The Group assesses a range of information when determining the point at which a present obligation exists. This includes statutory legislation, communication from Ofgem and the Department of Energy Security and Net Zero and the treatment of similar issues and schemes, both past and present. The Group estimates costs using both external and internal data sources.

Typically, costs incurred under industry regulatory schemes are calculated with reference to the Group's market share at a point in time and recovered in the future through the Ofgem price cap. Recovery is generally based on revenue earned through future energy supply, meaning a timing difference may arise between the recognition of costs incurred, and the future recovery through charges applied to end consumers. The Group does not have an entitlement to recover costs incurred at the point of recognition and consequently does not recognise an asset in relation to future recoveries.

(b) Key sources of estimation uncertainty

The sections below detail the assumptions the Group makes about the future and other major sources of estimation uncertainty when measuring its assets and liabilities at the reporting date. The information given relates to the sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to those assets and liabilities in the next financial year. In some cases, the matter involves both a critical judgement as well as a key source of estimation uncertainty. That is, there is more than one judgemental aspect related to the matter. In these instances, all critical judgements and key sources of estimation uncertainty related to each area are discussed in the same section to provide a comprehensive understanding of the overall nature of the uncertainties involved.

Estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, including current and expected economic conditions, and, in some cases, actuarial techniques. Although these estimates and associated assumptions are based on management's best knowledge of current events and circumstances, actual results may differ. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Electricity Generator Levy

At the end of 2022, the Government announced the implementation of the Electricity Generator Levy (EGL), a new, temporary levy applicable to receipts that the Group realises from electricity generation in the UK from nuclear and renewable sources in the period from 1 January 2023 to 31 March 2028. It was legislated in the Finance (No 2) Act 2023. The levy applies a 45% charge on receipts generated from the production of wholesale electricity sold at an average price in excess of £75/MWh (adjusted for inflation prospectively), exceeding an annual threshold of £10 million. The benchmark rate for the 12 months to 31 March 2026 is £79.95/MWh. It applies to generators whose generation exceeds 50GWh annually, as well as off-take arrangements with significant minority shareholders in such generators.

As at 31 December 2025, the Group's share of its Nuclear (excluding Sizewell C) associate's EGL liabilities amounted to £9 million (31 December 2024: £86 million). This is recorded within the share of profit after tax from associates. The Group has also made payments on account to HMRC of £10 million and recognised an expense in the Group Income Statement, within cost of sales, of £10 million (31 December 2024: £80 million) in relation to its estimated EGL liabilities for its minority shareholder Nuclear (excluding Sizewell C) offtake arrangements during the year ended 31 December 2025.

The Group continues to determine that the accounting for the levy falls within the scope of IAS 37 'Provisions, contingent liabilities, and contingent assets' and IFRIC 21 'Levies' on the basis that the levy represents a legislative liability imposed by the Government, calculated with reference to revenue generated. The Group recognises the levy progressively over time, as the related electricity is sold. The Group also considered the applicability of IAS 12 'Income Taxes', however the EGL is based on revenue generated, and not taxable profit and is therefore outside the scope of IAS 12.

The interpretation and application of the EGL legislation is unclear in respect of the Group's minority shareholding in the Nuclear (excluding Sizewell C) offtake arrangements. As such, the extent of the levy that will ultimately be due in this regard is not yet certain, and a lower amount may eventually be determined. If this were the case, a tax deposit asset would be recorded on the Group Balance Sheet, and as a credit within cost of sales in the Group Income Statement, when it became probable that the asset would be recoverable, in accordance with the 2019 IFRIC Agenda decision on Deposits relating to taxes other than income taxes. Given the current stage of discussions there is not yet sufficient evidence to support the probability of recovery and therefore no asset has been recorded at the balance sheet date.

There is a key source of estimation uncertainty in relation to the amount of levy the Group owes across 2023 to 2025 of up to £155 million, related to the assessment of the proportion of generation that can be ascribed to a wholesale purchase and therefore whether a related tax deposit asset should be recorded for the recovery of payments on account made to HMRC of up to £155 million. Whilst a material change in the accounting could occur in the next financial period, ultimate resolution of this uncertainty may take a number of years. (Note that since its inception Centrica has paid over £500 million of EGL either directly or through its share of the Nuclear (excluding Sizewell C) associate's payments.)

3. Critical accounting judgements and key sources of estimation uncertainty

Credit provisions for trade and other receivables

Typical household energy costs have increased during 2025 due to high wholesale commodity costs and increased network and levy charges. Macroeconomic conditions are mixed, interest rates and inflation have fallen, but unemployment figures have risen. Provisions relating to customers who pay on receipt of their bill and aged final debt have increased although cash collection performance has stabilised in respect of these customers.

These factors result in the assessment and adequacy of credit provisions for trade and other receivables continuing to be a key source of estimation uncertainty given the heightened risk of the probability of default and the increase in the overall loss allowance. See note 17 for further information.

The Group utilises a range of factors, including both internal and external, historic and forward-looking, to assess the adequacy of its credit provisions. Whilst the Group utilises a matrix output model to record provision coverage, management recognises that the model does not always adequately capture scenarios where there is a delayed impact on customer payments, such as forward-looking macroeconomic changes. In the current year, the Group has continued to assess the model and has recorded a macroeconomic credit provision of £11 million (31 December 2024: £49 million) primarily on the basis that the upward trend in typical household energy bills during 2025 and resultant ability of customers to pay may not be fully reflected in the model. The assumptions included in the overall provision include the impact of the increase to Ofgem's Energy Price Cap, the continued cost of living challenges and the resumption of litigation activities which have uplifted the cash collection on older aged debt. The total credit provision for trade and other receivables at 31 December 2025 remains high at £1,818 million (31 December 2024: £1,532 million).

Pensions and other post-employment benefits

The cost of providing benefits under defined benefit pension schemes is determined separately for each of the Group's schemes under the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised in full in the year in which they occur.

The key assumptions used for the actuarial valuation are based on the Group's best estimate of the variables that will determine the ultimate cost of providing post-employment benefits. Where a net pension scheme asset arises, recognition of the asset is permitted because the Group has an unconditional right to a refund on any winding up of the schemes or if gradual settlement of liabilities over time is assumed.

The Group's defined benefit schemes hold part of their plan asset portfolio as unquoted assets. These include private equity and property interests that are typically subject to valuation uncertainty. The valuation of these assets is based on the latest asset manager views and other relevant benchmarks.

The key source of estimation uncertainty is the assessment of the value of the pension liabilities (under IAS 19) within the scheme valuations. Key assumptions are the discount rate, inflation and life expectancy.

Further details, including sensitivities to these assumptions, are provided in note 22.

Impairment of long-lived assets

The Group makes judgements in considering whether the carrying amounts of its long-lived assets (principally gas field production assets, Nuclear (excluding Sizewell C) investment (20% economic interest accounted for as an investment in associate), Sizewell C investment (15% economic interest accounted for as an investment in associate), Isle of Grain investment (50% economic interest accounted for as an investment in joint venture), Batteries, Solar assets, Gas peakers and Goodwill) or cash-generating units (CGUs) are recoverable and estimates their recoverable amounts. See note 7(b) for details.

A key assumption in a number of these judgements is forecast future commodity prices. For the first four years, observable market prices are used and thereafter an estimation of longer-term prices is required and is based on third-party median price curves most closely aligned to our long-term view. The Nuclear investment (excluding Sizewell C) is the main asset where the recoverable amount, predominantly determined by forecast future commodity prices, is a key source of estimation uncertainty.

The recoverable amount of the Nuclear investment (excluding Sizewell C) is based on the value of the existing UK nuclear fleet operated by EDF. The existing fleet value is calculated by discounting pre-tax cash flows derived from the stations based on forecast power generation and power prices, whilst taking account of outages and the likely operational lives of the stations. During the year, the recoverable amount has decreased, predominantly due to a fall in power prices both on a forecast and actuals basis, together with an increase in operating and capital expenditure assumptions, offset by the impact of life extensions at two of the stations. This has resulted in an impairment of £251 million. Note that baseload power prices are currently backwardated and so the annual roll-forward reduction in the net present value (recoverable amount) exceeds the related annual book value reduction (prior to impairment).

The key sources of estimation uncertainty are power price forecasts, station lives, outage assumptions and the discount rate. Other input assumptions include production levels, application of the EGL and capital and operating expenditure assumptions. Further details of these uncertainties, together with the methodology, assumptions and impairment booked during the year are provided in note 7, together with related sensitivities.

Revenue recognition – unread gas and electricity meters

Revenue for energy supply activities includes an assessment of energy supplied to customers between the date of the last meter reading and the year-end (known as unread revenue). Unread gas and electricity comprises both billed and unbilled revenue. It is estimated through the billing systems, using historical consumption patterns, on a customer-by-customer basis, taking into account weather patterns, load forecasts and the differences between actual meter readings being returned and system estimates. Actual meter readings continue to be compared to system estimates between the balance sheet date and the finalisation of the accounts.

An assessment is also made of any factors that are likely to materially affect the ultimate economic benefits that will flow to the Group, including bill cancellation and re-bill rates. Estimated revenue is restricted to the amount the Group expects to be entitled to in exchange for energy supplied. The judgements applied, and the assumptions underpinning these judgements, are considered to be appropriate. However, a change in these assumptions would have an impact on the amount of revenue recognised. The material source of estimation uncertainty relating to unread revenue arises in the respect of gas and electricity sales to UK customers within the Retail segment, including where changes in customer behaviour in response to elevated prices affect estimated consumption. At 31 December 2025 unread revenue arising from these customers amounted to £2,687 million (2024: £2,732 million). A change in these assumptions of 2% would impact revenue and profit by £54 million. Additionally, there is some risk this change could be higher when considering the assumptions implicit in unread revenue and the extent to which revenue is constrained through the application of the IFRS 15 requirements.

3. Critical accounting judgements and key sources of estimation uncertainty

Decommissioning costs

The estimated cost of decommissioning at the end of the producing lives of gas fields is reviewed periodically and is based on reserves, price levels and technology at the balance sheet date. Provision is made for the estimated cost of decommissioning at the balance sheet date. The payment dates of total expected future decommissioning costs are uncertain and dependent on the lives of the facilities, but are currently anticipated to be predominantly incurred by 2035.

The level of provision held is sensitive to both the estimated decommissioning costs (in particular for the non-operated assets and non-contracted expenditure) and the discount rate, hence each input is considered to be a key source of estimation uncertainty. During the year, government gilt yields appropriate to the forecast profile of the decommissioning expenditure have remained broadly unchanged, and therefore the real discount rate used to discount the decommissioning liabilities at 31 December 2025 has remained at 2% (31 December 2024: 2%). A 1% increase in the discount rate reduces the decommissioning liability by approximately £53 million (2024: £70 million) whilst a 1% decrease in the discount rate would increase the provision by approximately £56 million (2024: £76 million). A 10% increase in forecast decommissioning costs would increase the provision by approximately £130 million (2024: £146 million).

Determination of fair values – energy derivatives

The fair values of energy derivatives classified as Level 3 in accordance with IFRS 13 'Fair Value Measurement' are determined to be a key source of estimation uncertainty as they are not actively traded and their values are estimated by reference in part to published price quotations in active markets and in part by using complex valuation techniques. The key source of estimation uncertainty is future commodity prices and their inclusion in the reliable estimation of the unobservable components of the Group's Level 3 derivatives in an elevated and volatile commodity price environment. More detail on the assumptions used in determining fair valuations of energy derivatives is provided in note S6 and on the sensitivities to these assumptions in note S3.

Climate change

In preparing the financial statements, the Directors have considered the impact of climate change in the context of the risks and opportunities identified in the Task Force on Climate-related Financial Disclosures (TCFD) disclosures on pages 49 to 57. There has been no material impact identified on the financial reporting judgements and estimates. The Directors specifically considered the impact of climate change in the following areas:

- Cash flow forecasts used in the impairment assessment of non-current assets, including the Nuclear investment (excluding Sizewell C), battery storage assets, solar assets, and gas peakers/power stations/engines;
- Carrying value and useful economic lives of property, plant and equipment;
- Recoverability of deferred tax assets; and
- Going concern and viability of the Group over the next three years.

Whilst there is no short-term impact expected from climate change, the Directors are aware of the risks and regularly assess these risks against judgements and estimates made in preparation of the Group's financial statements.

Further detail is provided in note 3(c).

3. Critical accounting judgements and key sources of estimation uncertainty

(c) Climate change

The Group's assessment of how climate-related issues might affect the business has been integrated into its annual strategic and financial planning process. At the same time, the Group reviews the potential impact of the material risks and opportunities and its Climate Transition Plan on both the current balance sheet position and its accounting policies (including the useful economic lives of its assets).

Summary of our most material risks and opportunities

Climate-related trend	Segment	Potential impact
Transition away from fossil fuelled heating	Retail	Risk: Reduced gross margin from the sale and servicing of natural gas residential boilers and commercial combined heat and power (CHP) units
Growth in low carbon heating market	Retail	Opportunity: Increased sales and servicing of electric and hydrogen fuelled heating systems, alongside associated opportunities in fabric upgrade including insulation
Transition away from natural gas and energy efficiency	Retail	Risk: Reduced gross margin from the sale of natural gas and growth in energy efficiency
Growth in low carbon heating market	Retail	Opportunity: Increased sales of electricity and clean gas for heating
Growth of EV transport market	Retail	Opportunity: Access to new and growing value pools related to EV charging installations, operation and maintenance, as well as energy supply
Growth in demand for renewable energy	Retail	Opportunity: Growth in behind-the-meter solar and battery markets, driven by decarbonisation and flexible services
	Optimisation	Opportunity: Growth in renewable and low carbon generation and production technologies, alongside the need for enabling services such as PPAs, balancing services and battery storage
	Infrastructure	Opportunity: To convert Rough gas storage facility to store hydrogen and produce hydrogen at scale
Rising mean temperatures	Retail	Risk: Reduced sales of natural gas and electricity for heat

IFRS dictates how each asset or liability should be accounted for (e.g. cost, fair value or other measurement criteria) and accordingly, there is a fundamental difference between the holistic forward-looking risk and opportunities business analysis (see the TCFD disclosures on pages 49 to 57), and the possible sensitivity of current accounting carrying values to these risks and opportunities.

For example, whilst the activity of supplying gas to customers or servicing/installing gas boilers is clearly subject to climate-related risks (and opportunities), the balance sheet does not reflect an overall value of those businesses (aside from an element of goodwill). Instead, accounting balances related to these businesses generally manifest themselves in short-term working capital assets and liabilities associated with procuring and selling gas or servicing/installing boilers; with those balances generally settled within six months and so specifically less exposed to climate risks.

In a similar vein, Infrastructure assets are tested for impairment in accordance with relevant IFRS accounting standards. These generally require the recoverable amount of the asset to be calculated based on a best estimate of long-term forecast commodity prices, which the Group estimates based on current market prices and Centrica's view of long-term prices using a balance of reputable commodity pricing consultants' forecasts. However, these estimates are not consistent with net zero scenarios from the consultants (as they do not factor in any prospective, yet to be announced, legislative or market changes that would be required to meet temperature targets) and hence impairment reviews are not based on net zero scenario forward prices. The Group instead discloses the impact on the carrying value of Infrastructure assets by way of sensitivity analysis (see note 7(c)).

3. Critical accounting judgements and key sources of estimation uncertainty

Accordingly, the Group is mindful of these dynamics when it considers which areas of the balance sheet are exposed to key estimation uncertainty from climate-related issues. The Group considers which assets are most exposed to impairment (or write-backs) from climate risks and similarly whether there are any liabilities that are either currently unrecognised or might increase as a result of those risks.

The Group's assets/liabilities have been segmented into three tranches, grading each balance's exposure to climate risks/opportunities:

(i) Higher risk – As the consumption of gas and power is intrinsically linked to carbon emissions, their pricing is consequently exposed to climate and legislative risk. Accordingly, where assets or contract values have a key dependency on commodity price assumptions and their carrying value is material, those assets (or contracts) are deemed higher risk.

(ii) Medium risk – Infrastructure assets with reduced exposure to commodity prices or lower carrying values, together with decommissioning balances, and gross margin energy transition considerations and their potential impact on forward-looking balances (e.g. Retail and Optimisation goodwill).

(iii) Lower risk – No significant risk identified on the basis that positions are short-term in nature or are specifically linked to the energy transition or are immaterial.

The key non-current asset (and decommissioning provision) balance sheet items have been presented in more granular detail below, together with the groupings into the above risks and with rationale set out below the table:

As at 31 December 2025 (£m):	Goodwill	Intangibles	Investment in joint ventures & associates	Property, plant & equipment	Deferred tax assets/ (liabilities)	Decommissioning provision
Retail	357					
Brand (mainly Dyno-Rod)		57				
Application software		181				
Electric vehicles (vans/cars)				37		
Non-electric vehicles (vans/cars)				37		
Optimisation	147					
Application software		30				
LNG vessel leases				39		
Infrastructure - Gas Assets						
Isle of Grain investment			185			
Gas fields (Spirit)				76	455	(961)
Gas storage facility (Rough)					141	(321)
Infrastructure - Power Assets						
Nuclear investment (excluding Sizewell C)			578			
Sizewell C investment			392			
Battery storage				140		(4)
Gas peakers/power stations/engines				485		(16)
Combined Heat and Power (CHP)/other power assets				27		
Solar				35		
Infrastructure - Meter Assets				368		
Group/Other (i)						
Customer relationships		19				
Emission certificates		31				
Land & buildings				168		
Derivatives deferred tax					100	
Other (ii)			16	76	(37)	
Total (notes 13-16 and 21)	504	318	1,171	1,488	659	(1,302)

(i) Items included within Group/Other have not been allocated out across business type.

(ii) Other property, plant & equipment includes a cumulative £64 million elimination adjustment of internal margin and indirect costs on smart meter installation capitalised in the meter asset provider business within Infrastructure.

Higher
Medium
Lower

Physical Risk Assessment

During the year, the Group reassessed physical climate risks using UK Met Office climate projections and the World Resources Institute (WRI) Aqueduct platform. Across our portfolio, including offshore assets and the Isle of Grain LNG terminal, no material short- or long-term financial statement impacts were identified due to existing mitigations and asset resilience, including flood defences at the Isle of Grain LNG terminal designed to provide protection to at least 2070. Any potential reduction in heat demand under extreme warming scenarios is considered within revenue estimation processes and does not change the conclusions of our impairment or going-concern assessments.

3. Critical accounting judgements and key sources of estimation uncertainty

All items noted above may be impacted by climate-related risks but are not currently considered to be key areas of judgement or sources of estimation uncertainty in the current financial year.

Higher risk

The valuation of the Nuclear investment (excluding Sizewell C) is highly dependent on forecast commodity prices. Climate change risks and opportunities means there is uncertainty over electricity demand and forecast prices. The underlying nuclear stations, which produce electricity with no carbon emissions, have different useful economic lives, with the last station forecast to cease operating in 2055.

The Group's gas peakers/power stations/engines are similarly exposed to climate change risk, with valuations dependent on forecast gas and electricity prices and electricity demand. During the year, this asset class has become material to the Group with the continued construction of two Irish gas peaker assets. The associated decommissioning obligations are deemed medium risk as the value is not significant in the context of the Group.

Valuation sensitivity information based on a net zero price forecast has been provided in note 7(c) for these assets.

Medium risk

The investment in the Sizewell C nuclear new-build power station has some exposure to physical climate change risk during the build and operation phases. However, due to the regulated asset base funding model, the asset valuation itself is less exposed to commodity prices. Accordingly it is deemed medium risk.

The investment in the Isle of Grain LNG terminal has exposure to climate change risk both from a physical asset perspective and from the impact of locational gas price spreads. However, it is deemed medium risk because the investment carrying value is not significant in the context of the Group.

Gas field valuations are dependent on forecast commodity prices. Climate change risk means that there is uncertainty over gas demand and forecast prices. During the year, the announced disposals of a large proportion of the Gas field portfolio mean that the remaining property, plant and equipment carrying value is much smaller than before and therefore is also deemed medium risk. Note further investment in exploring for new gas fields has ceased with the portfolio's decommissioning obligations expected to be substantively met by the early 2030s (including the Rough storage facility).

Deferred tax assets associated with gas fields and the Rough storage facility are predominantly related to decommissioning cost recovery and are not considered high risk due to the length of carry-back rules. Deferred tax assets associated with derivatives are considered medium risk as the derivatives generally realise within two years.

The Group's investment in CHP and other power assets are also exposed to climate risk. They have useful economic lives of up to 40 years but they do not, individually or in total, have material carrying values.

The Group's meter assets are exposed to climate change risk because they record usage of both gas and power. They are deemed medium risk because they are subject to contractual arrangements that provide for ongoing revenue security from suppliers.

LNG vessels on the balance sheet are exposed to risk from climate change, but as they are leased assets with the current term remaining less than five years, this risk is reduced to medium.

The Group continues to transition to an electrified vehicle fleet. Non-electric vehicles are deemed medium risk because their remaining useful economic lives are generally short.

Retail and Optimisation Goodwill and Application Software are categorised as medium risk because the businesses are exposed to energy transition risk as a result of climate change. However, there are also significant opportunities for these businesses and the carrying values are not material.

Lower risk

All other assets denoted in the table above are considered lower risk because they are either specifically related to the energy transition (e.g. electric vehicles, battery storage and associated decommissioning, solar) or are immaterial. Note that designation as lower risk does not mean these assets are not at risk of impairment (e.g. from reduced residual values or commodity price movements) but instead is an assessment of specific exposure to climate change risks.

Other contracts

The Group also has long-term LNG supply contracts with Cheniere, Delfin, Mozambique, Repsol and PTT. These are not reflected on the balance sheet but the Group has certain purchase commitments. The Group also has long-term gas sale and purchase agreements, which similarly have long-term commitments (see note 23). The contracts currently have significant value (when considered together) because of gas price locational spreads but are exposed to climate change risk and therefore could ultimately become onerous in net zero scenarios. The commitments note provides detail of the length of the contracts and commodity purchase commitments.

Governance over climate-related judgements

Climate-related financial reporting judgements including impairment assumptions, decommissioning estimates and going concern/viability considerations are reviewed through the governance structure described in the TCFD disclosures on pages 49 to 57 (the Board, Audit & Risk Committee, and Safety, Environment and Sustainability Committee), with management oversight via the Centrica Leadership Team and the Group's risk processes summarised in the Strategic Report - Principal Risks and Uncertainties on pages 32 to 39.

Interaction with the Climate Transition Plan

The Group's Climate Transition Plan informs strategic planning, capital allocation and certain long-term business assumptions (e.g. electrification uptake, flexibility needs and hydrogen readiness). These planning assumptions are considered in viability and useful life assessments but do not override the market-based inputs required for IFRS measurement.

4. Segmental analysis

The Group's reporting segments are those used internally by management to run the business and make decisions. The Group's segments are based on products and services as well as the major factors that influence the performance of these products and services across the geographical locations in which the Group operates.

(a) Segmental structure

During the year the Group's reportable operating segments have been redefined to reflect the way the Board makes decisions about resources to be allocated to the segments and assess their performance. See note 1(d) for further details.

The types of products and services from which each reportable segment derived its income during the year are detailed below. All reportable segments are operating segments. Income sources are reflected in total Group revenue unless otherwise stated:

Segment	Description
Retail	• The supply of gas and electricity to residential and business customers in the UK and the Republic of Ireland (i); • the installation, repair and maintenance of central heating and related appliances (including smart meters), to residential and business customers in the UK, and the Republic of Ireland; • the supply of energy services and solutions to large organisations in the UK, Europe and North America; • the provision of fixed-fee maintenance/breakdown services and insurance contracts in the UK; and • the supply of new technologies and energy efficiency solutions in the UK.
Optimisation	• The procurement, trading and optimisation of energy predominantly in the UK and Europe (i); and • the global procurement and sale of LNG.
Infrastructure	• The production and processing of gas and liquids principally within Spirit Energy (i); • the development and operation of power assets, and sale of power generated (including from nuclear assets), in the UK and Europe; • gas and LNG storage in the UK; and • the smart meter asset provider business in the UK.

(i) Where income is generated from contracts in the scope of IFRS 9, this is included in re-measurement and settlement of derivative energy contracts.

4. Segmental analysis

(b) Revenue

Gross segment revenue includes revenue generated from the sale of products and services to other reportable segments of the Group. Total Group revenue reflects only the sale of products and services to third parties. Sales between reportable segments are conducted on an arm's length basis.

	2025			2024 (restated) (i)		
Year ended 31 December	Gross segment revenue £m	Less inter-segment revenue £m	Total Group revenue £m	Gross segment revenue £m	Less inter-segment revenue £m	Total Group revenue £m
Retail	**16,507**	**(207)**	**16,300**	17,124	(79)	17,045
Optimisation	**6,052**	**(776)**	**5,276**	6,537	(560)	5,977
Infrastructure	**2,004**	**(1,215)**	**789**	2,912	(1,298)	1,614
Total Group revenue included in business performance	**24,563**	**(2,198)**	**22,365**	26,573	(1,937)	24,636
Less: revenue arising on contracts in scope of IFRS 9 included in business performance			**(2,873)**			(4,723)
Total Group revenue			**19,492**			19,913

(i) Segmental revenues have been restated to reflect the new operating structure of the Group. See note 1(d) for further details.

The table below shows the total Group revenue arising from contracts with customers, and therefore in the scope of IFRS 15, and revenue arising from contracts in the scope of other standards. The key economic factors impacting the nature, timing and uncertainty of revenue and cash flows are considered to be driven by the type and broad geographical location of the customer. The analysis of IFRS 15 revenue below reflects these factors.

	2025				
Year ended 31 December	Revenue from contracts with customers in scope of IFRS 15 (i) £m	Revenue from fixed-fee service and insurance contracts in scope of IFRS 17, and leasing contracts in scope of IFRS 16 £m	Total Group revenue £m	Revenue in business performance arising from contracts in scope of IFRS 9 £m	Total Group revenue included in business performance £m
Energy supply and services	**15,261**				
Retail	**15,261**	**799**	**16,060**	**240**	**16,300**
Energy sales to trading and energy procurement counterparties	**3,259**				
Optimisation	**3,259**	**5**	**3,264**	**2,012**	**5,276**
Gas and liquid production	**168**				
Infrastructure	**168**	**—**	**168**	**621**	**789**
	18,688	**804**	**19,492**	**2,873**	**22,365**

(i) As part of the finalisation process of the government support schemes, revenue of £42 million was recognised (2024: £21 million reversal) during the year in relation to the Energy Price Guarantee scheme for domestic customers in the Retail segment. In addition, revenue of £2 million was reversed (2024: £13 million recognised) in respect of non-domestic schemes, also in the Retail segment.

	2024 (restated) (i)				
Year ended 31 December	Revenue from contracts with customers in scope of IFRS 15 £m	Revenue from fixed-fee service and insurance contracts in scope of IFRS 17, and leasing contracts in scope of IFRS 16 £m	Total Group revenue £m	Revenue in business performance arising from contracts in scope of IFRS 9 £m	Total Group revenue included in business performance £m
Energy supply and services	15,823				
Retail	15,823	802	16,625	420	17,045
Energy sales to trading and energy procurement counterparties	3,105				
Optimisation	3,105	15	3,120	2,857	5,977
Gas and liquid production	168				
Infrastructure	168	—	168	1,446	1,614
	19,096	817	19,913	4,723	24,636

(i) Segmental revenues have been restated to reflect the new operating structure of the Group. See note 1(d) for further details.

4. Segmental analysis

Geographical analysis of revenue and non-current assets

The Group monitors and manages performance by reference to its operating segments and not solely on a geographical basis, however provided below is an analysis of revenue and certain non-current assets by geography.

	Total Group revenue (based on location of customer)		Non-current assets (based on location of assets) (i)	
Year ended 31 December	**2025 £m**	2024 £m	**2025 £m**	2024 £m
UK	**15,820**	16,240	**2,913**	2,860
Republic of Ireland	**1,022**	1,021	**441**	325
Europe (excluding UK and Republic of Ireland)	**1,640**	1,423	**232**	376
Rest of the world	**1,010**	1,229	**30**	15
	19,492	19,913	**3,616**	3,576

(i) Non-current assets comprise goodwill, other intangible assets, PP&E, interests in joint ventures and associates and non-financial assets within trade and other receivables, and contract-related assets.

(c) Adjusted gross margin and adjusted operating profit

The measure of profit used by the Group is adjusted operating profit. Adjusted operating profit is operating profit before exceptional items and certain re-measurements. This includes business performance results of equity-accounted interests.

This note also details adjusted gross margin. Both measures are reconciled to their statutory equivalents.

	Adjusted gross margin		Adjusted operating profit	
Year ended 31 December	**2025 £m**	2024 (restated) (i) £m	**2025 £m**	2024 (restated) (i) £m
Retail	**2,441**	2,518	**424**	458
Optimisation	**434**	583	**155**	339
Infrastructure	**332**	735	**314**	799
Segmental adjusted gross margin/adjusted operating profit	**3,207**	3,836	**893**	1,596
Reconciling items to Group Income Statement:				
Colleague profit share (ii)	**(12)**	(9)	**(34)**	(25)
Meter asset provider consolidation adjustment (iii)	**(61)**	(19)	**(45)**	(19)
Total Group adjusted gross margin/adjusted operating profit	**3,134**	3,808	**814**	1,552
Certain re-measurements (note 7):				
Onerous energy supply/LNG contract provision movement	**42**	(142)	**42**	(142)
Derivative contracts	**(345)**	421	**(345)**	421
Gross profit	**2,831**	4,087		
Exceptional items			**(405)**	(128)
Operating profit after exceptional items and certain re-measurements			**106**	1,703

(i) Segmental results have been restated to reflect the new operating structure of the Group. See note 1(d) for further details.

(ii) The impact of the colleague profit share is excluded because management considers it unrelated to segmental business performance.

(iii) In accordance with IFRS 8, Segmental adjusted gross margin and adjusted operating profit are presented as managed by the Board and accordingly the internal margin and indirect costs on smart meter installation recognised by Retail and subsequently capitalised in the meter asset provider business within Infrastructure, are eliminated on consolidation and reported as a reconciling item to the Group Income Statement. The Group Income Statement reflects the capitalisation of costs based on their nature as incurred by Retail.

4. Segmental analysis

(d) Included within adjusted operating profit

Presented below are certain items included within adjusted operating profit, including a summary of impairments of property, plant and equipment and intangibles.

Year ended 31 December	Depreciation and impairments of property, plant and equipment		Amortisation and impairments of intangibles	
	2025 £m	2024 (restated) (i) £m	**2025 £m**	2024 (restated) (i) £m
Retail	**(48)**	(44)	**(81)**	(68)
Optimisation	**(25)**	(29)	**(9)**	(11)
Infrastructure	**(249)**	(300)	**—**	—
Other (ii)	**(26)**	(36)	**(1)**	(8)
	(348)	(409)	**(91)**	(87)

(i) Segmental results have been restated to reflect the new operating structure of the Group. See note 1(d) for further details.
(ii) Other includes corporate functions, subsequently recharged.

Impairments of property, plant and equipment

During 2025, £5 million of net impairments of property, plant and equipment (2024: £22 million) were recognised within business performance.

Impairments of intangible assets

During 2025, £6 million of impairments of other intangible assets (2024: £1 million) were recognised within business performance.

(e) Capital expenditure

Capital expenditure represents additions, other than assets acquired as part of business combinations or asset purchase agreements, to property, plant and equipment and intangible assets. Capital expenditure has been reconciled to the related cash outflow.

Year ended 31 December	Capital expenditure on property, plant and equipment		Capital expenditure on intangible assets other than goodwill	
	2025 £m	2024 (restated) (i) £m	**2025 £m**	2024 (restated) (i) £m
Retail	**28**	30	**885**	853
Optimisation	**6**	7	**13**	9
Infrastructure	**522**	398	**38**	31
Other (ii)	**97**	37	**1**	—
Segmental capital expenditure	**653**	472	**937**	893
Meter asset provider consolidation adjustment (iii)	**(47)**	(19)	**—**	—
Total Group capital expenditure	**606**	453	**937**	893
Capitalised borrowing costs (note 8)	**(17)**	(11)	**—**	—
Inception of new leases and movements in payables and prepayments related to capital expenditure	**(97)**	(62)	**—**	(1)
Capital expenditure cash outflow subsequent to transfer to held for sale	**15**	—	**—**	—
Purchases of emissions allowances and renewable obligation certificates (note 15) (iv)	**—**	—	**(890)**	(856)
Net cash outflow	**507**	380	**47**	36

(i) Segmental results have been restated to reflect the new operating structure of the Group. See note 1(d) for further details.
(ii) Other includes corporate functions.
(iii) In accordance with IFRS 8, Segmental capital expenditure is presented as managed by the Board and accordingly the internal margin and indirect costs on smart meter installation recognised by Retail and subsequently capitalised in the meter asset provider business within Infrastructure, is eliminated on consolidation and reported as a reconciling item to Total Group capital expenditure.
(iv) Purchases of emissions allowances and renewable obligation certificates of £854 million (2024: £828 million) in Retail and £36 million (2024: £28 million) in Infrastructure.

5. Costs

This section details the types of costs the Group incurs and the number of employees in each of our operations.

(a) Analysis of costs by nature

	2025			2024		
Year ended 31 December	Cost of sales and settlement of certain energy contracts £m	Operating costs £m	Total costs £m	Cost of sales and settlement of certain energy contracts £m	Operating costs £m	Total costs £m
Transportation, distribution, capacity market and metering costs	**(4,899)**	**—**	**(4,899)**	(4,764)	—	(4,764)
Commodity costs	**(11,826)**	**—**	**(11,826)**	(13,109)	—	(13,109)
Depreciation, amortisation and impairments	**(267)**	**(172)**	**(439)**	(313)	(183)	(496)
Employee costs	**(448)**	**(931)**	**(1,379)**	(443)	(867)	(1,310)
Other direct costs	**(1,791)**	**(957)**	**(2,748)**	(2,199)	(1,089)	(3,288)
Costs included within business performance before credit losses on financial assets	**(19,231)**	**(2,060)**	**(21,291)**	(20,828)	(2,139)	(22,967)
Credit losses on financial assets (net of recovered amounts) (note 17)	**—**	**(418)**	**(418)**	—	(373)	(373)
Total costs included within business performance	**(19,231)**	**(2,478)**	**(21,709)**	(20,828)	(2,512)	(23,340)
Adjustment for gross cost of settled energy contracts in the scope of IFRS 9 and onerous energy supply and LNG contract provisions (note 7)	**7,318**	**—**	**7,318**	9,064	—	9,064
Exceptional items and re-measurement and settlement of derivative energy contracts (note 7)	**(4,748)**	**(405)**	**(5,153)**	(4,062)	(128)	(4,190)
Total costs within Group operating profit	**(16,661)**	**(2,883)**	**(19,544)**	(15,826)	(2,640)	(18,466)

(b) Employee costs

Further information on key management personnel and Directors' remuneration is disclosed in note S8.

Year ended 31 December	2025 £m	2024 £m
Wages and salaries	**(1,163)**	(1,050)
Social security costs	**(150)**	(122)
Pension and other post-employment benefits costs (note 22)	**(159)**	(138)
Share scheme costs (note S4)	**(56)**	(47)
	(1,528)	(1,357)
Capitalised employee costs	**149**	47
Employee costs recognised in business performance in the Group Income Statement	**(1,379)**	(1,310)

(c) Average number of employees during the year

Year ended 31 December	2025 Number	2024 Number
Retail	**18,504**	18,224
Optimisation	**864**	885
Infrastructure	**902**	896
Group Functions	**1,796**	1,699
	22,066	21,704

6. Results relating to joint ventures and associates

Results relating to joint ventures and associates represent the results of businesses where we exercise joint control or significant influence and generally have an equity holding of up to 50%.

The Group's results relating to joint ventures and associates for the year ended 31 December 2025 principally arise from its interests in the following entities, all of which are reported within the Infrastructure segment:

- Garden Topco Limited ('Isle of Grain') - joint venture
- Lake Acquisitions Limited ('Lake') - associate
- Sizewell C (Holding) Limited ('Sizewell C') - associate

	2025				2024 (i)
Year ended 31 December	Isle of Grain £m	Lake £m	Sizewell C £m	Total £m	Total £m
Income	11	583	—	594	808
Expenses before depreciation, amortisation, exceptional items and certain re-measurements	(19)	(258)	—	(277)	(295)
Depreciation and amortisation	(4)	(95)	—	(99)	(139)
Operating (loss)/profit	(12)	230	—	218	374
Interest cost	(3)	(5)	—	(8)	—
Taxation excluding taxation on exceptional items and certain re-measurements	—	(57)	—	(57)	(118)
Share of post-taxation results of joint ventures and associates	(15)	168	—	153	256
Interest income on shareholder loans (ii)	—	—	5	5	—
Results relating to joint ventures and associates	(15)	168	5	158	256

(i) 2024 results relating to joint ventures and associates pertain solely to Lake.
(ii) Interest income on shareholder loans relates to interest accrued on loans provided to Sizewell C. See note S8 for further information on shareholder loans and other related parties transactions.

Further information on the Group's investments in joint ventures and associates is provided in notes 14 and S10.

7. Exceptional items and certain re-measurements

(a) Certain re-measurements

Certain re-measurements are the fair value movements on energy contracts entered into to meet the future needs of our customers or to sell the energy produced from our Infrastructure assets. These contracts are economically related to our Infrastructure assets, capacity/offtake contracts or downstream demand, which are typically not fair valued, and are therefore separately identified in the current period and reflected in business performance in future periods when the underlying transaction or asset impacts the Group Income Statement.

If the future costs to fulfil customer supply contracts, including the mark-to-market reversal of any energy hedging contracts entered into to meet this demand, exceed the charges recoverable from customers, an onerous contract provision will be recognised. Similarly, if the future revenues from LNG procurement contracts, including the mark-to-market reversals of hedging contracts entered into related to these purchases, do not exceed the purchase cost, an onerous contract provision will be recognised. Because the associated, unrealised hedging gains or losses will be recognised in certain re-measurements, the movements in these onerous provisions will also be recognised in certain re-measurements.

Year ended 31 December	2025 £m	2024 £m
Certain re-measurements recognised in relation to energy contracts:		
Net (losses)/gains arising on delivery of contracts	(299)	377
Net (losses)/gains arising on market price movements and new contracts	(46)	44
Net re-measurements included within gross profit before onerous supply contract provision	(345)	421
Onerous energy supply and LNG contracts provision movement (i)	42	(142)
Net re-measurements included within Group operating profit	(303)	279
Taxation on certain re-measurements (note 9) (ii)	(22)	161
Certain re-measurements after taxation	(325)	440

(i) The onerous LNG contracts provision movement amounted to £50 million credit (2024: £82 million debit) and the onerous energy supply contract entry is £8 million debit (2024: £60 million debit). Cumulatively over time the onerous energy supply and LNG contracts provision movement will net to £nil. See notes 2(b) and 3(a) for further details.

(ii) Taxation on onerous energy supply and LNG contracts provision movement amounted to £11 million debit (2024: £35 million credit) and taxation on other certain re-measurements amounted to £11 million debit (2024: £126 million credit).

Year ended 31 December	2025 £m	2024 £m
Total re-measurement and settlement of derivative energy contracts	(4,748)	(4,062)
Excluding:		
IFRS 9 business performance revenue	(2,873)	(4,723)
IFRS 9 business performance cost of sales	7,276	9,206
Unrealised certain re-measurements recognised in relation to energy contracts included in gross profit	(345)	421
Onerous contract provision movement (cost of sales)	42	(142)
Total certain re-measurements	(303)	279

The table below reflects the certain re-measurement derivative movements by operating segment:

Year ended 31 December	2025 £m	2024 (restated) (i) £m
Retail (Energy Supply)	(755)	2,151
Infrastructure and Optimisation	410	(1,730)
Unrealised certain re-measurements recognised in relation to energy contracts included in gross profit	(345)	421

(i) 2024 has been restated to reflect the new operating structure of the Group. See note 1(d) for further details.

7. Exceptional items and certain re-measurements
(b) Exceptional items

Exceptional items are those items that, in the judgement of the Directors, need to be disclosed separately by virtue of their nature, size or incidence. Items which may be considered exceptional in nature include disposals of businesses or significant assets, business restructuring, pension change costs or credits, significant debt repurchase costs and asset impairments and write-backs.

Year ended 31 December	2025 £m	2024 £m
Gain on disposal of interest in the Cygnus gas field (i)	80	—
Impairment of power assets (ii)	(264)	(75)
Impairment of gas field assets (iii)	(244)	—
Legacy contract cost provision movement (iv)	23	(53)
Exceptional items included within Group operating profit (v)	**(405)**	**(128)**
Debt repurchase costs included within financing costs	—	(68)
Exceptional items included within Group profit before taxation	**(405)**	**(196)**
Net exceptional item taxation (note 9) (vi)	124	78
Total exceptional items recognised after taxation	**(281)**	**(118)**

(i) The disposal of part of Spirit Energy's interest in the Cygnus gas field to a subsidiary of Ithaca Energy plc completed on 1 October 2025 (post-tax £80 million). See note 12 for further details.

(ii) In the Infrastructure segment, an impairment of the Nuclear investment (excluding Sizewell C) of £251 million (post-tax £251 million) (2024: £48 million (post-tax £48 million)) has been recorded predominantly as a result of the reduction in both forecast and actual power prices, together with an increase to operating and capital expenditure assumptions, partially offset by life extensions at two stations. Also in the Infrastructure segment, an impairment of £13 million (post-tax £10 million) (2024: £27 million (post-tax £20 million)) has been recorded related to Solar assets, following lower forecast power price capture, together with an increase in discount rate. See note 7(c).

(iii) In the Infrastructure segment, an impairment of the retained gas field assets of £167 million (post-tax £37 million) has been recorded as a result of an update to the cessation of production date associated with the Morecambe field, as gas prices fell and the economic cut-off date changed, together with changes to the discount rate assumptions used in the valuation model. A further impairment of gas field assets, included in the disposal group being sold to Serica Energy plc (see note 12), of £77 million (post-tax £18 million) has also been recorded on their transfer to assets held for sale, based on the expected disposal value following falls in forecast gas prices. See note 7(c).

(iv) Contracts associated with business activity that ceased a number of years ago, predominantly related to construction services, have led to a decrease in provisions of £23 million (post-tax £19 million) (2024: increase of £53 million (post-tax £45 million)) during the year. The cash flow associated is £34 million.

(v) 2025 exceptional items included within Group operating profit are non-cash, with the exception of consideration received for the disposal of the interest in the Cygnus gas field and legacy contract cost provisions. The consideration received on the disposal of interest in the Cygnus gas field is reflected in the Sale of business line item in the Group Cash Flow Statement. The cash flows recorded as payments relating to exceptional charges of £38 million (2024: £6 million) in the Group Cash Flow Statement relate to utilisation of legacy contract cost provisions, together with cash flows associated with previous years' exceptional restructuring costs.

(vi) Exceptional item taxation includes a debit of £64 million (2024: credit of £46 million) associated with deferred tax related to the gas field assets, in the Infrastructure segment. This predominantly relates to a re-measurement of the energy profits levy deferred tax liability and a decrease in the deferred tax asset position related to the recovery of abandonment tax losses, as a result of changes in forecast production profiles and commodity prices, and legislative changes. This item is unrelated to the other exceptional items.

7. Exceptional items and certain re-measurements

(c) Impairment accounting policy, process and sensitivities

The information provided below relates to the assets and CGUs (or groups of CGUs) that have been subject to impairment during the year and/or whose recoverable amount is a key source of estimation uncertainty. See note 3(b).

Exceptional impairment of assets measured on a value-in-use (VIU) basis

Segment	Asset/CGU	Basis for impairment assessment	Recoverable amount £m	Impairment £m
Infrastructure	Power - Nuclear (i)	Decrease in both forecast and actual power prices, together with an update to capital and operating expenditure assumptions, partially offset by the impact of life extensions at Heysham 1 and Hartlepool stations.	578	251

(i) The Nuclear CGU relates to the investment in the Lake Acquisitions Limited group (which holds the existing UK Nuclear fleet) and therefore excludes the recent investment in Sizewell C.

Nuclear

A VIU calculation has been used to determine the recoverable amount of the Group's investment in Nuclear. The cash flows incorporated in the valuation are based on detailed business forecasts in the short term, extrapolated to future years to account for the expected generation profile of the fleet for its remaining life. Assumptions include forward commodity prices (including capacity rates), station lives, outage assumptions, discount rate, production levels, the application of the Electricity Generator Levy (EGL) and operating and capital expenditure requirements. Price assumptions are based on liquid market prices for 2026 to 2029 which are then blended over a one-year period to long-term price forecasts. The methodology for deriving long-term price assumptions remains consistent with the prior year-end, using a single third-party curve provider which most aligns to Centrica's beliefs around the evolution of commodity markets, as a basis for the longer-term commodity price forecasts.

The EGL, applying a 45% tax rate to revenues generated over £75/MWh (adjusted for inflation) until 31 March 2028, based on the above price assumptions, has also been included in the assessment. See note 3.

In September 2025, the Nuclear business announced that estimated operating lifetimes at Heysham 1 and Hartlepool would be extended by a further year to March 2028. Based on prices at 31 December 2025, the lifetime extensions increased the value of the Group's investment in Nuclear by £36 million.

The VIU calculation assumes that the Sizewell B plant operates until 2055, reflecting a 20-year extension beyond its original design life. In the absence of this extension, the carrying value of the Group's investment in Nuclear based on cash flows from 2035 to 2055 would be reduced by £153 million. All other stations' life assumptions are aligned to lifetime closure dates announced by the operator (being between March 2028 and March 2030).

The VIU calculation is also sensitive to changes in outage assumptions, and the base level generation volumes assumed for the fleet were decreased during the period based on a review of planned and unplanned outages. An increase or reduction of 3% in the unplanned outage rate applied to volumes across the Nuclear fleet would lead to an impairment/write-back of £70 million.

The future pre-tax cash flows generated by the investment in the associate are discounted using a pre-tax nominal discount rate of 13.6% (2024: 15.3%). This equated to a post-tax rate of 8.5% (2024: 8.5%). The post-tax discount rate is initially derived from the Group weighted average cost of capital as adjusted for the risks associated with the asset and with reference to comparator companies. The pre-tax rate is then back-calculated by removing tax cash flows and assessing the rate that would give the same result as the post-tax rate. As baseload power prices for the liquid period remain higher than longer-term forecast prices, the near-term cash flows are elevated, which caused the pre-tax discount rate to remain high. A 1% increase in the post-tax discount rate would lead to an impairment of £32 million (when compared with the year-end carrying value). Similarly, a 1% reduction in the post-tax discount rate would lead to a write-back of £37 million.

The asset is particularly sensitive to changes in commodity price and the table below details average prices for the first 5- and 10-year periods and associated sensitivities. Note that the asset is valued based on cash flows arising over its entire economic life and not just this 15-year period.

	Five-year liquid and blended-period price (i)		Ten-year long-term average price (i)		Change in pre/post-tax write-back/(impairment) (ii)			
					+10%		-10%	
	2026-2030	2025-2029	2031-2040	2030-2039				
	31 December 2025 £/MWh	31 December 2024 £/MWh	**31 December 2025 £/MWh**	31 December 2024 £/MWh	**31 December 2025 £m**	31 December 2024 £m	**31 December 2025 £m**	31 December 2024 £m
Baseload power	**65**	72	**61**	63	**196**	190	**(194)**	(193)

(i) Prices are shown in 2024 real terms.
(ii) A 10% change in baseload power prices is deemed to represent a reasonably possible variation across the entire period covered by the liquid market and comparator curves used in the nuclear impairment test. Sensitivities are impacted by the effect of the EGL threshold of £75/MWh (adjusted for inflation).

Furthermore, there is also uncertainty due to climate change and international governmental intervention to reduce CO_2 emissions and the likely impact this will have on both power demand and forecast prices. As a result, a further sensitivity is disclosed below based on the forecast prices aligned to the net zero price curve issued by Aurora (a power analytics providers), which assumes governmental policies are put in place to achieve the temperature and net zero goals by 2050. This net zero forecast currently shows an increase in baseload power prices when compared with the base case impairment test price assumptions.

7. Exceptional items and certain re-measurements

	Five-year average price (i)	Ten-year long-term average price (i)	Reversal of pre/post-tax impairment (ii)
	2026-2030	2031-2040	
	2025	2025	£m
Baseload power (£/MWh)	72	62	157

(i) Prices shown in 2024 real terms.
(ii) Change would lead to a write-back of the carrying value.

While the TCFD analysis identifies Nuclear as strategically exposed to climate transition, under the net zero sensitivity used for IFRS disclosure, structurally higher long-term decarbonised power prices result in a potential write-back of £157 million. This illustrates that strategic exposure can co-exist with higher IFRS valuation outcomes where long-term prices under net zero pathways exceed the base-case market-aligned curves.

Exceptional impairment of assets measured on a FVLCD basis

Segment	Asset/CGU (or group of CGUs)	Basis for impairment assessment	Recoverable amount (ii) £m	FV hierarchy	Pre-tax Impairment £m
Infrastructure	Gas fields - transferred to disposal group held for sale (i)	Field valuations from the disposal process	(1)	L3	77
Infrastructure	Gas fields - retained	A reduction in forecast gas prices, together with a change in the discount rate used in the valuation	(229)	L3	167
Infrastructure	Power - Solar assets	A reduction in forecast price capture, together with an increase in discount rate	35	L3	13

(i) Gas fields - transferred to disposal groups held for sale relates to fields being sold to Serica Energy plc (see note 12) and were individually tested for impairment immediately prior to their balance sheet reclassification.
(ii) Recoverable amount for Gas fields relates only to the impaired fields and includes their decommissioning costs, together with related tax impacts. Recoverable amount for Power - Solar assets relates to the property, plant and equipment balance for the portfolio of assets.

For Gas fields - transferred to asset held for sale, fair value less costs of disposal (FVLCD) is calculated with reference to the expected disposal process field valuations. For all other assets, FVLCD is determined by discounting the post-tax cash flows expected to be generated by the assets or CGU, net of associated selling costs, taking into account those assumptions that market participants would use in estimating fair value. Post-tax cash flows used in the FVLCD calculation are based on the Group's Board-approved business plans and longer-term strategic plans together with, where relevant, long-term production, asset usage and cash flow forecasts. These calculations are then benchmarked back to market transactions, where available, to assess alignment with typical market participant views.

Gas field assets - retained

For gas field assets post-tax cash flows are derived from projected production profiles of each field, taking into account forward prices for gas and liquids over the relevant period. Where forward market prices are not available (i.e. outside the active period for each commodity), prices are determined based on Centrica's view of long-term prices, derived from a third-party market curve. The date of cessation of production depends on the interaction of a number of variables, such as the recoverable quantities of hydrocarbons, production costs, the contractual duration of the licence area and the selling price of the gas and liquids produced. As each field has specific reservoir characteristics and economic circumstances, the post-tax cash flows for each field (including decommissioning) are computed using individual economic models. Price assumptions are critical and use liquid market prices for 2026 to 2029, blended over a one-year period to long-term price forecasts. Long-term price assumptions are Centrica's view of long-term prices as derived from a third-party market curve and are deemed best aligned with pricing that a reasonable market participant would use. Following the implementation of the Energy Profits Levy, the increased tax rates have been included in the FVLCD calculations until the sunset date of 31 March 2030.

During the period, the methodology to assess the discount rate to be used on these cash flows was refined, following significant disposal activity (see note 12). For gas fields reaching the end of their producing life, it was deemed appropriate to discount decommissioning cash outflows using a post-tax risk-free based nominal rate of 4.9%, consistent with the approach to balance sheet provisioning. The future post-tax production cash flows continue to be discounted using a post-tax nominal discount rate, derived from the Group's weighted average cost of capital and compared with other market participants. At the year-end this rate was 10.0% (2024: 11.0% for all cash flows). This approach is considered to align with how a typical market participant would value these types of asset.

Once the disposals of the gas field assets transferred to disposal groups held for sale (see note 12) have completed, the Group's interests in producing gas fields will be substantially reduced. As a result, the retained gas field valuations are no longer materially sensitive to movement in future gas prices, and therefore no sensitivities for reasonably possible changes in prices or for net zero scenarios have been provided. This aligns with the Group's TCFD narrative on portfolio streamlining to reduce transition risk.

Power - Batteries, Gas peakers/power stations and Solar assets

An exceptional impairment of £13 million has been recorded in 2025 for Solar assets measured on a FVLCD basis.

For Solar assets, post-tax cash flows are derived from an assessment of expected solar activity and the ability to capture future baseload power prices. Prices are determined based on a third-party capture price forecast. Post-tax cash flows also include an assessment of forecast capital and operating expenditure.

The future post-tax cash flows for Solar assets, are discounted using a post-tax nominal discount rate of 7.0% (2024: 6.0%).

The Solar asset valuations are sensitive to commodity price forecasts. A 10% increase in forecast Solar power price capture would lead to an impairment write-back of £8 million. A 10% reduction would lead to a further impairment of £4 million.

7. Exceptional items and certain re-measurements

A non-exceptional impairment of £6 million has been recorded in 2025 for Batteries measured on a FVLCD basis. The recoverable amount for the portfolio is £140 million.

For Batteries, post-tax cash flows are derived from projected revenue streams associated with wholesale power, balancing, reserve, response and capacity markets over the life of the asset. Where forward market prices are not available, prices are determined based on third-party price forecasts, together with an assessment of extrinsic value capture. Post-tax cash flows also include an assessment of forecast capital and operating expenditure.

The future post-tax cash flows for Batteries are discounted using a post-tax nominal discount rate of 8.5% (2024: 8.0%).

The Battery asset valuations are sensitive to commodity price forecasts. A 10% increase in forecast Battery revenue capture would lead to an impairment write-back of £12 million (capped at historic cost). A 10% reduction would lead to a further impairment of £32 million.

For Gas peakers/power stations, post-tax cash flows are derived from an assessment of the clean spark-spread, which is the difference between the power revenues from generation and the cost of generation (gas and carbon costs), together with other revenue streams associated with balancing mechanism and capacity and availability markets. Where forward market prices are not available, prices are determined based on third-party price forecasts. Post-tax cash flows also include an assessment of forecast capital and operating expenditure.

The future post-tax cash flows for Gas peakers/power stations are discounted using a post-tax nominal discount rate of 8.0% (2024: 8.0%).

No net impairment or write-back has been required in 2025 for Gas peakers/power stations. Nonetheless, the Gas peaker/power station asset valuations are sensitive to commodity price forecasts. The portfolio carrying value is £485 million. A 10% increase in forecast Gas peaker/power station revenue would lead to an impairment write-back of £48 million (capped at historic cost). A 10% reduction would lead to an impairment of £55 million.

Furthermore, there is also uncertainty due to climate change and international governmental intervention to reduce CO_2 emissions and the likely impact this will have on both power demand and forecast price capture. As a result, a further sensitivity based on the forecast prices aligned to the net zero price curves issued by Aurora (a power analytics providers), which assumes governmental policies are put in place to achieve the temperature and net zero goals by 2050 has been calculated for these assets. Across the Batteries, Gas peakers/power stations and Solar assets, an additional impairment of c.£50 million would be required, under a forecast net zero scenario which is derived from Aurora price curves with certain in-house assumptions.

The combined additional impairment under the net zero sensitivities is primarily due to capture-rate assumptions and merchant revenue volatility. These outcomes are consistent with the TCFD characterisation of flexible assets as having low-to-moderate valuation impact and do not change the conclusions of the base-case impairment tests.

8. Net finance income/(cost)

Financing costs mainly comprise interest on bonds and bank debt, the results of hedging activities used to manage foreign exchange and interest rate movements on the Group's borrowings and notional interest arising from the discounting of decommissioning provisions and pensions. An element of financing cost is capitalised on qualifying projects.

Investment income predominantly includes interest received from short-term investments in money market funds, bank deposits and government bonds.

	2025			2024		
Year ended 31 December	Financing costs £m	Investment income £m	Total £m	Financing costs £m	Investment income £m	Total £m
Financing (cost)/income from net debt:						
Interest income	—	243	243	—	313	313
Interest cost on bonds, bank loans and overdrafts	(189)	—	(189)	(235)	—	(235)
Interest cost on lease liabilities	(13)	—	(13)	(13)	—	(13)
	(202)	243	41	(248)	313	65
Net gain on revaluation	6	—	6	—	—	—
Notional interest arising from discounting	(23)	—	(23)	(23)	—	(23)
	(219)	243	24	(271)	313	42
Other interest charges (i)	(35)	—	(35)	(9)	—	(9)
Capitalised borrowing costs (ii)	17	—	17	11	—	11
Financing (cost)/income before exceptional items	(237)	243	6	(269)	313	44
Exceptional items (iii)	—	—	—	(68)	—	(68)
Financing (cost)/income	(237)	243	6	(337)	313	(24)

(i) Other interest charges includes interest charged on cash collateral, and fees for letters of credit. The cash flow associated is £16 million (2024: £16 million).

(ii) Borrowing costs have been capitalised using an average rate of 7.34% (2024: 8.54%).

(iii) During 2024 the Group repurchased £370 million of debt instruments and refinanced a hybrid bond designated in a fair value hedge relationship, resulting in an exceptional financing cost of £68 million.

9. Taxation

The taxation note details the different tax charges and rates, including current and deferred tax arising in the Group. The current tax charge is the tax payable on this year's taxable profits together with amendments in respect of tax provisions made in earlier years. This tax charge excludes the Group's share of taxation on the results of joint ventures and associates. Deferred tax represents the tax on differences between the accounting carrying values of assets and liabilities and their tax bases. These differences are temporary and are expected to unwind in the future.

(a) Analysis of tax charge

	2025			2024		
Year ended 31 December	**Business performance £m**	**Exceptional items and certain re-measurements £m**	**Results for the year £m**	Business performance £m	Exceptional items and certain re-measurements £m	Results for the year £m
Current tax						
UK corporation tax	**(126)**	**(65)**	**(191)**	(383)	146	(237)
UK energy profits levy	**(131)**	**(18)**	**(149)**	(243)	—	(243)
UK petroleum revenue tax	**7**	**—**	**7**	37	—	37
Non-UK tax	**(19)**	**11**	**(8)**	(35)	(17)	(52)
Adjustments in respect of prior years – UK	**10**	**45**	**55**	(1)	(50)	(51)
Adjustments in respect of prior years – non-UK	**(6)**	**—**	**(6)**	(7)	—	(7)
Total current tax	**(265)**	**(27)**	**(292)**	(632)	79	(553)
Deferred tax						
Origination and reversal of temporary differences – UK	**(21)**	**169**	**148**	(8)	(22)	(30)
UK energy profits levy	**28**	**(5)**	**23**	70	188	258
UK petroleum revenue tax	**(5)**	**—**	**(5)**	(2)	—	(2)
Origination and reversal of temporary differences – non-UK	**1**	**—**	**1**	2	(9)	(7)
Adjustments in respect of prior years – UK	**(8)**	**(35)**	**(43)**	14	3	17
Adjustments in respect of prior years – non-UK	**5**	**—**	**5**	3	—	3
Total deferred tax	**—**	**129**	**129**	79	160	239
Total UK tax	**(246)**	**91**	**(155)**	(516)	265	(251)
Total non-UK tax	**(19)**	**11**	**(8)**	(37)	(26)	(63)
Taxation on profit/(loss) (i)	**(265)**	**102**	**(163)**	(553)	239	(314)

(i) Total taxation on profit excludes taxation on the Group's share of results of joint ventures and associates.

UK tax rates

Most activities in the UK are subject to the standard rate for UK corporation tax of 25% (2024: 25%). Gas production activities are taxed at a rate of 30% (2024: 30%), a supplementary charge of 10% (2024: 10%), plus the Energy Profits Levy of 38% (2024: 35.5%) to give an overall tax rate of 78% (2024: 75.5%). Certain gas production assets in the UK are subject to the UK petroleum revenue tax (PRT) regime at the current tax rate of 0% (2024: 0%).

Non-UK tax rates

Taxation in non-UK jurisdictions, where the Group has a substantial presence, is calculated at the rate prevailing in those respective jurisdictions. The main non-UK rates of corporation tax are 12.5% (2024: 12.5%) in the Republic of Ireland, 22% (2024: 22%) in Denmark and 17% (2024: 17%) in Singapore.

The Group is subject to a minimum corporation tax rate of 15% in all jurisdictions as a result of the implementation of the OECD's Base Erosion and Profit Shifting (BEPS) initiative. Where the effective tax rate falls below 15% in a particular jurisdiction, a top up tax is payable.

Prior year adjustments occur when new information leads to changes in estimates or judgements made in 2024 and earlier years.

Movements in deferred tax liabilities and assets are disclosed in note 16. Tax on items taken directly to equity is disclosed in note S4.

9. Taxation

(b) Factors affecting the tax charge

The Group is expected to continue carrying out most of its business activities in the UK and accordingly considers the standard UK rate to be the appropriate reference rate.

The differences between the total taxation shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit/(loss) before taxation are as follows:

Year ended 31 December	2025 Business performance £m	2025 Exceptional items and certain re-measurements £m	2025 Results for the year £m	2024 Business performance £m	2024 Exceptional items and certain re-measurements £m	2024 Results for the year £m
Profit/(loss) before taxation	820	(708)	112	1,596	83	1,679
Deduct results relating to joint ventures and associates, net of interest and taxation	(158)	–	(158)	(256)	–	(256)
	662	(708)	(46)	1,340	83	1,423
Tax on profit/(loss) at standard UK corporation tax rate of 25% (2024: 25%)	(166)	177	11	(335)	(21)	(356)
Effects of:						
Impairment on non-qualifying assets	–	(64)	(64)	–	(12)	(12)
Other permanent differences	–	–	–	5	1	6
Electricity Generator Levy	(2)	–	(2)	(20)	–	(20)
Higher rates applicable to gas production activities profits/(losses)	13	3	16	(61)	121	60
Energy Profits Levy (charge)/credit for the year	(103)	34	(69)	(173)	177	4
Energy Profits Levy re-measurement of deferred tax balances	–	(57)	(57)	–	11	11
Petroleum revenue tax	(15)	–	(15)	20	–	20
Non-UK tax rates (excluding gas production activities)	12	(11)	1	10	16	26
Movements in uncertain tax provisions	(15)	–	(15)	–	–	–
Write-back of deferred tax assets	7	–	7	–	13	13
Disposal of business	–	20	20	–	–	–
Prior year adjustment	1	10	11	9	(47)	(38)
Other tax deductible/(non-tax deductible) items	3	(10)	(7)	(8)	(20)	(28)
Taxation on profit/(loss)	(265)	102	(163)	(553)	239	(314)
Less: movement in deferred tax	–	(129)	(129)	(79)	(160)	(239)
Total current tax	(265)	(27)	(292)	(632)	79	(553)

The Group is subject to taxation in several jurisdictions. The complexity of applicable rules may result in legitimate differences of interpretation between the Group and taxing authorities (or between different taxing authorities) especially where an economic judgement or valuation is involved. Resolution of these differences typically takes many years.

The Group has applied IFRIC 23 'Uncertainty over Income Tax Treatments'. The interpretation requires consideration of the likelihood that the relevant taxing authority will accept an uncertain tax treatment in order to determine the measurement basis. The value is calculated in accordance with the rules of the relevant tax authority when acceptance is deemed probable.

The Group's uncertain tax provision relates to differences in the interpretation of tax legislation in the UK and Canada. Due to the uncertainty associated with such tax items, there is a possibility that, on conclusion of open tax matters at a future date, the final outcome may differ. The uncertain tax provision represents management's assessment of the likely outcome of each issue.

At 31 December 2025 the provision for uncertain tax items was £57 million (2024: £42 million). The Group provided an indemnity to Sval Energi following the sale of Spirit Energy's Norwegian business and the transfer of the legal liabilities in respect of open tax disputes. Any movement in the underlying indemnity (excluding movements attributable to foreign exchange rates) will be recorded through the profit before tax of the Group. As at 31 December 2025 the indemnity in respect of the tax disputes was £109 million (2024: £100 million).

9. Taxation

(c) Factors that may affect future tax charges

The Group's effective tax rates are impacted by changes to the mix of activities and profitability across the territories in which it operates. Effective tax rates may also fluctuate where profits and losses cannot be offset for tax purposes. For example, losses arising in one territory cannot be offset against profits in another.

The Group's effective tax rate is dependent on the proportion of Group profits and losses arising from its UK gas production and nuclear activities relative to lower taxed UK and other jurisdictions' profits and losses. The headline rate of tax on ring fence profits from gas production in the UK was 78% (consisting of ring fence corporation tax of 30%, supplementary charge of 10%, and the Energy Profits Levy (EPL) of 38%) versus the 25% UK statutory corporation tax rate.

The Energy Security Investment Mechanism (ESIM) applies as a way of curtailing the application of EPL in certain circumstances. Accordingly, the EPL will cease to apply if average oil and gas prices fall to historically normal levels for two consecutive quarters. Based on 20-year averages, normal levels would be achieved where both average oil and gas prices fall below the 2025-2026 threshold of US$74.21 per barrel for oil and 57 pence per therm for gas (uprated each year). If the EPL ceases to apply, the headline rate on ring fence profits will reduce to 40%.

Based on the independent Office for Budget Responsibility's forecast, while oil prices are currently forecast to be below the ESIM threshold, gas prices are above the threshold in this forecast, though only by around 0.04 pence per therm in the third quarter of 2028.

As part of the Autumn Budget delivered on 26 November 2025, the government has announced a permanent successor to EPL, the Oil and Gas Price Mechanism (OGPM), which will apply once EPL ends (either from 1 April 2030 or earlier if the ESIM is triggered). The OGPM, when enacted, will apply at a rate of 35% to revenues generated from oil and gas sales above price thresholds for each financial year on a transaction by transaction basis. The rates announced for 2026 to 2027 are US$90/barrel for oil and 90 pence per therm for gas should the OGPM be enacted and the ESIM is triggered.

PRT is set at 0% but may still give rise to historical refunds from the carry-back of excess reliefs (for example, from decommissioning).

The Electricity Generator Levy (EGL) applies from 1 January 2023 to 31 March 2028 at the tax rate of 45% to electricity generation revenues, which will be determined by reference to revenue from sales exceeding a benchmark price of £79.95/MWh (2024: £77.94/MWh). The benchmark price is indexed on 1 April each year by reference to the Consumer Price Index for the previous December. The EGL is not an income tax for accounting purposes and therefore is included in the Group's cost of sales and share of the results of joint ventures' and associates' operating profits and is not deductible for the purposes of UK corporation tax.

The EGL legislation is complex and there remains some uncertainty over how the provisions are to be applied and consequently the amount of levy payable. See note 3(b) for details of the uncertainties regarding the application of the EGL to the Group's revenues.

The Group monitors income tax developments in all the jurisdictions in which the Group operates, including the OECD Base Erosion and Profit Shifting (BEPS) initiative (Pillar 2).

The Governments of the UK, Republic of Ireland, Denmark and Singapore (the main jurisdictions in which the Group operates) legislated for a minimum tax rate of 15% to apply under Pillar 2.

The Group does not expect its tax liabilities to be materially increased as a result of the implementation of the Pillar 2 rules. The Republic of Ireland is the only jurisdiction that is likely to give rise to additional tax payable by the Group. The impact on the Group's effective tax rate based on 2025 profits is less than 1%.

(d) Relationship between current tax charge and taxes paid

	2025			2024		
Year ended 31 December	UK £m	Non-UK £m	Total £m	UK £m	Non-UK £m	Total £m
Current tax charge/(credit):						
Corporation tax	285	14	299	531	59	590
Petroleum revenue tax	(7)	—	(7)	(37)	—	(37)
Total current tax on results for the year (per note 9(b))	278	14	292	494	59	553
Current tax included in other comprehensive income (i)	18	—	18	(36)	—	(36)
Total current tax charge	296	14	310	458	59	517
Taxes paid/(refunded):						
Corporation tax	339	38	377	493	144	637
Petroleum revenue tax	(2)	—	(2)	(1)	—	(1)
	337	38	375	492	144	636
Included in the following lines of the Group Cash Flow Statement:						
Taxes paid			375			636
Included in cost of sales in the Group Income Statement:						
Electricity Generator Levy payable and paid (ii)			10			80

(i) Current tax movements relating to pension deficit payments are reported in other comprehensive income.
(ii) This excludes the share of Electricity Generator Levy recognised in the Nuclear (excluding Sizewell C) associate.

Differences between current tax charged and taxes paid arose principally due to the following factors:

- Corporation tax payments are generally made by instalment, based on estimated taxable profits, or the prior year's profits. Fluctuations in profits from year to year, one-off items and mark-to-market movements within the year may therefore give rise to divergence between the charge for the year and the taxes paid. In certain jurisdictions advance tax payments are required (based on estimated tax liabilities) which can result in overpayments. These are included as tax assets, to be refunded in a subsequent period; and
- PRT refunds are based on results in the preceding six-monthly PRT period, therefore PRT cash movements will reflect refunds on a six-month delay.

10. Earnings per ordinary share

Earnings per share (EPS) is the amount of profit or loss attributable to each share. Basic EPS is the amount of profit or loss for the year divided by the weighted average number of shares in issue during the year. Diluted EPS includes the impact of outstanding share options.

Basic earnings per ordinary share has been calculated by dividing the loss attributable to equity holders of the Company for the year of £72 million (2024: £1,332 million profit) by the weighted average number of ordinary shares in issue during the year of 4,785 million (2024: 5,187 million). The number of shares excludes 563 million ordinary shares (2024: 573 million), being the weighted average number of the Company's own shares held in the employee share trust and treasury shares repurchased during the year by the Group as part of the share buyback programme. These 563 million shares do not include shares expected to be repurchased as part of the Group's share buyback programme during 2026. See note S4.

The Directors believe that the presentation of adjusted basic earnings per ordinary share, being the basic earnings per ordinary share adjusted for certain re-measurements and exceptional items, assists with understanding the underlying performance of the Group, as explained in note 2.

Information presented for diluted and adjusted diluted earnings per ordinary share uses the weighted average number of ordinary shares as adjusted for 134 million (2024: 119 million) potentially dilutive ordinary shares as the denominator, unless it has the effect of increasing the profit or decreasing the loss attributable to each ordinary share.

Basic to adjusted basic earnings per ordinary share reconciliation

	2025		2024	
Year ended 31 December	£m	Pence per ordinary share	£m	Pence per ordinary share
Earnings – basic	(72)	(1.5)	1,332	25.7
Net exceptional items after taxation (notes 2 and 7) (i)	269	5.6	132	2.5
Certain re-measurement losses/(gains) after taxation (notes 2 and 7) (i)	337	7.1	(480)	(9.2)
Earnings – adjusted basic	534	11.2	984	19.0
Earnings – diluted (ii)	(72)	(1.5)	1,332	25.1
Earnings – adjusted diluted	534	10.9	984	18.5

(i) Net exceptional items after taxation and certain re-measurement losses/(gains) after taxation are adjusted to reflect the share attributable to non-controlling interests.
(ii) Potential ordinary shares are not treated as dilutive when they would decrease a loss per share.

11. Dividends

Dividends represent the return of profits to shareholders. Dividends are paid as an amount per ordinary share held. The Group retains part of the profits generated to meet future investment plans or to fund share buyback programmes.

	2025			2024		
	£m	Pence per ordinary share	Date of payment	£m	Pence per ordinary share	Date of payment
Prior year final dividend	150	3.00	5 Jun 2025	141	2.67	11 Jul 2024
Interim dividend	87	1.83	30 Oct 2025	78	1.50	14 Nov 2024
	237			219		

The Directors propose a final dividend of 3.67 pence per ordinary share for the year ended 31 December 2025 (which would total £169 million based on shareholding at that date). The dividend will be paid on 14 May 2026 to those shareholders registered on 10 April 2026.

The Company has sufficient distributable reserves to pay dividends to its ultimate shareholders. Distributable reserves are calculated on an individual legal entity basis and the ultimate parent company, Centrica plc, currently has adequate levels of realised profits within its retained earnings to support dividend payments. Refer to the Centrica plc Company Balance Sheet on page 236. At 31 December 2025, Centrica plc's Company-only distributable reserves were c.£5.4 billion (2024: c.£4.0 billion). On an annual basis, the distributable reserve levels of the Group's subsidiary undertakings are reviewed and dividends paid up to Centrica plc as appropriate to replenish its reserves.

12. Disposals, disposal groups classified as held for sale and acquisitions

This section details disposals, business combinations and asset acquisitions made by the Group.

(a) Disposals

On 20 May 2025 the Group announced that it had agreed to sell part of Spirit Energy's interest in the Cygnus gas field, reducing its interest from 61.25% to 15%, to a subsidiary of Ithaca Energy plc. The headline consideration of £116 million was increased by the cash flows generated by the disposal group from the commercial effective date of 1 January 2025 up to the legal completion date of 1 October 2025 (at which point control passed), resulting in a final consideration of £123 million.

In applying IFRS 5 'Non-current assets held for sale and discontinued operations', the Group has judged that there is one disposal group relating to the above interest in the Cygnus gas field, which was classified as held for sale as at 20 May 2025. The disposal group, which is included in the Infrastructure segment, did not represent a separate major line of business or geographical operation and hence the Group has concluded that it did not constitute a discontinued operation. A separate disposal group was held for sale at 31 December 2025 - see note 12(c).

Details of the assets and liabilities of the disposal group at completion of 1 October 2025 are shown below.

	Cygnus £m
Non-current assets	
Property, plant and equipment	234
Current assets	
Inventories	12
Assets disposed	**246**
Current liabilities	
Trade and other payables, and contract-related liabilities	(14)
Non-current liabilities	
Deferred tax liabilities	(99)
Provisions for other liabilities	(91)
	(190)
Liabilities disposed	**(204)**
Net assets disposed	**42**
Consideration received (net of transaction costs of £1 million)	**122**
Gain on disposal before and after taxation (note 7(b))	**80**

The results of the disposal group during 2025 reported in business performance are as follows:

	Cygnus £m
Operating profit	96
Taxation on profit	(75)
Profit after taxation	**21**

All other disposals undertaken by the Group were immaterial, both individually and in aggregate. These amounted to a loss on disposal of £6 million and net cash outflow of £3 million.

12. Disposals, disposal groups classified as held for sale and acquisitions

(b) Assets and liabilities of disposal groups held for sale

On 16 December 2025 the Group announced that it had agreed to sell the remaining 15% of Spirit Energy's interest in the Cygnus gas field and all other gas producing assets in the Greater Markham Area and Southern North Sea to Serica Energy plc. The sale has a commercial effective date of 1 January 2025 with a headline consideration of £57 million and the transfer of £44 million of decommissioning liabilities. The Group has retained £159 million of decommissioning liabilities in relation to the disposal group at the year-end date. The sale is expected to complete in the second half of 2026.

In applying IFRS 5 'Non-current assets held for sale and discontinued operations', the Group has judged that there is one disposal group classified as held for sale. The assets and liabilities comprising the disposal group were classified as held for sale as at 16 December 2025. This is on the basis that at that point, the disposal group was available for immediate sale, subject only to terms that are customary for sales of such assets, and the sale was highly probable. The disposal group, which is included in the Infrastructure segment, did not represent a separate major line of business or geographical operation and hence the Group has concluded that it did not constitute a discontinued operation.

On 23 December 2025 the Group signed a sale and purchase agreement to dispose of Centrica Business Solutions Italia Srl and Centrica Business Solutions B.V. to Joulz B.V. for a headline consideration of €90 million. Legal completion occurred on 6 February 2026.

In applying IFRS 5 'Non-current assets held for sale and discontinued operations', the Group has judged that there is one disposal group as both subsidiaries are being disposed of in a single transaction. The assets and liabilities comprising the disposal group were classified as held for sale as at 23 December 2025. This is on the basis that at that point, the disposal group was available for immediate sale, subject only to terms that are customary for sales of such assets, and the sale was highly probable. The disposal group, which is included in the Retail segment, did not represent a separate major line of business or geographical operations and hence the Group has concluded that it did not constitute a discontinued operation.

Details of the assets and liabilities of the disposal groups at 31 December 2025 are shown below.

	Italy and Netherlands solutions businesses - Retail £m	Spirit fields - Infrastructure £m	Total £m
Non-current assets			
Property, plant and equipment	34	141	175
Trade and other receivables, and contract-related assets	—	2	2
Other investments	—	1	1
Deferred tax assets	—	19	19
Current assets			
Other intangible assets	—	1	1
Inventories	6	4	10
Trade and other receivables, and contract-related assets	26	4	30
Assets of disposal groups classified as held for sale	**66**	**172**	**238**
Current liabilities			
Trade and other payables, and contract-related liabilities	(16)	(19)	(35)
Lease liabilities	—	(4)	(4)
Non-current liabilities			
Trade and other payables, and contract-related liabilities	(2)	—	(2)
Deferred tax liabilities	—	(75)	(75)
Lease liabilities	—	(15)	(15)
Provisions for other liabilities	—	(44)	(44)
Liabilities of disposal groups classified as held for sale	**(18)**	**(157)**	**(175)**
Net assets of disposal groups classified as held for sale	**48**	**15**	**63**

(c) Business combinations and asset acquisitions

During the year, the Group has been appointed by Ofgem as the Supplier of Last Resort to Rebel Energy Supply Limited and Tomato Energy Limited, both of whom ceased trading. A customer intangible asset of £11 million has been recognised in 2025 in respect of certain customer credit balances acquired.

During the year, the Group completed the acquisition of Swyft Energy (Ardrar Holdings Limited), a leading solar PV provider in the Republic of Ireland, for total consideration of £9 million, of which £1 million is deferred. This has been accounted for as a business combination and goodwill of £8 million has arisen on the transaction.

During 2025 investments have been made in the Isle of Grain LNG terminal and the Sizewell C nuclear plant. These have not been accounted for as business combinations on the basis that the Group does not have the power to control these entities, see notes 3 and 14.

There were no other material acquisitions during the year. No material adjustments have been made to acquisitions completed in 2024, although there was a cash outflow of £3 million in respect of deferred consideration on previous acquisitions.

13. Property, plant and equipment

PP&E includes significant investment in power generating assets, storage assets and gas field/liquid production assets. Once operational, all assets are depreciated over their useful lives.

(a) Carrying amounts

	2025					2024				
	Land and buildings £m	Plant, equipment and vehicles £m	Power generation £m	Gas production and storage £m	Total £m	Land and buildings £m	Plant, equipment and vehicles £m	Power generation £m	Gas production and storage £m	Total £m
Cost										
1 January	312	999	536	11,651	**13,498**	294	825	372	11,674	13,165
Acquisitions	—	—	—	—	**—**	—	12	1	—	13
Additions and capitalised borrowing costs	52	337	129	88	**606**	11	203	188	51	453
Disposals/retirements	(24)	(87)	(3)	(37)	**(151)**	(8)	(33)	(9)	—	(50)
Transfers to disposal groups held for sale (i)	(3)	(4)	(46)	(3,656)	**(3,709)**	—	—	—	—	—
Decommissioning liability and dilapidations revisions and additions (note 21)	7	—	1	(17)	**(9)**	2	1	—	(10)	(7)
Lease modifications and re-measurements	—	—	—	12	**12**	18	(9)	—	4	13
Exchange adjustments	4	(10)	18	86	**98**	(5)	—	(16)	(68)	(89)
31 December	**348**	**1,235**	**635**	**8,127**	**10,345**	312	999	536	11,651	13,498
Accumulated depreciation and impairment										
1 January	173	533	71	10,862	**11,639**	149	464	55	10,651	11,319
Charge for the year (ii)	26	96	15	206	**343**	24	80	13	270	387
(Write-backs)/impairments (iii)	(5)	4	15	248	**262**	8	22	13	6	49
Disposals/retirements	(12)	(83)	(3)	(37)	**(135)**	(8)	(33)	(9)	—	(50)
Transfers to disposal groups held for sale (i)	(3)	(2)	(14)	(3,310)	**(3,329)**	—	—	—	—	—
Exchange adjustments	1	(8)	2	82	**77**	—	—	(1)	(65)	(66)
31 December	**180**	**540**	**86**	**8,051**	**8,857**	173	533	71	10,862	11,639
NBV at 31 December	**168**	**695**	**549**	**76**	**1,488**	139	466	465	789	1,859

(i) Within transfers to disposal groups held for sale, £1,374 million of cost and £1,169 million of accumulated depreciation relate to the Cygnus disposal which completed in October 2025. The remaining £2,335 million of cost and £2,160 million of accumulated depreciation relate to disposal groups which remained held for sale at the year end date. See note 12 for further details.

(ii) Depreciation of £267 million (2024: £313 million) has been recognised in cost of sales, and £76 million (2024: £74 million) in operating costs before exceptional items.

(iii) (Write-backs)/impairments in 2025 include £257 million of impairments related to exceptional items (see note 7 for further details) and a £5 million net impairment related to business performance (see note 4(d)).

(b) Assets in the course of construction included in above carrying amounts

31 December	**2025 £m**	2024 £m
Plant, equipment and vehicles	**157**	150
Gas production and storage	**—**	11
Power generation	**368**	295

(c) Additional information relating to right-of-use assets included in the above

	2025					2024				
	Land and buildings £m	Plant, equipment and vehicles £m	Power generation £m	Gas production and storage £m	Total £m	Land and buildings £m	Plant, equipment and vehicles £m	Power generation £m	Gas production and storage £m	Total £m
Additions	**51**	**20**	**—**	**17**	**88**	11	14	—	15	40
Depreciation charge for the year	**(25)**	**(57)**	**—**	**(14)**	**(96)**	(23)	(59)	—	(11)	(93)
NBV at 31 December	**163**	**124**	**—**	**22**	**309**	122	163	—	22	307

Further information on the Group's leasing arrangements is provided in note 23.

14. Interests in joint ventures and associates

Interests in joint ventures and associates represent businesses where we exercise joint control or significant influence and generally have an equity holding of up to 50%.

(a) Interests in joint ventures and associates

The Group's interests in joint ventures and associates for the year ended 31 December 2025 principally arise from its interests in the following entities, all of which are reported within the Infrastructure segment:

- Garden Topco Limited ('Isle of Grain') - joint venture
- Lake Acquisitions Limited ('Lake') - associate
- Sizewell C (Holding) Limited ('Sizewell C') - associate

	2025			2024		
	Investments in joint ventures and associates £m	**Shareholder loans £m**	**Total £m**	Investments in joint ventures and associates £m	Shareholder loans £m	Total £m
1 January	**794**	**—**	**794**	903	—	903
Additions	**271**	**338**	**609**	—	—	—
Interest accrued on shareholder loans	**—**	**5**	**5**	—	—	—
Impairments (i)	**(251)**	**—**	**(251)**	(48)	—	(48)
Share of profits for the year	**153**	**—**	**153**	256	—	256
Share of other comprehensive (loss)/income	**(4)**	**—**	**(4)**	38	—	38
Dividends	**(135)**	**—**	**(135)**	(355)	—	(355)
31 December (ii)	**828**	**343**	**1,171**	794	—	794

(i) The £251 million in 2025 relates to the Lake investment impairment (2024: £48 million). See note 7 for further details.

(ii) Interests in joint ventures and associates closing balance at 31 December 2025 included £185 million (2024: £nil) relating to Isle of Grain, £578 million (2024: £794 million) relating to Lake and £392 million (2024: £nil) relating to Sizewell C, of which £343 million (2024: £nil) related to shareholder loans. See note S8 for further details on related party transactions, including shareholder loans made in relation to Sizewell C.

(b) Share of joint ventures' and associates' assets and liabilities

	2025					2024
31 December	**Isle of Grain £m**	**Lake £m**	**Sizewell C £m**	**Other £m**	**Total £m**	Total £m
Share of non-current assets	863	4,121	1,104	12	**6,100**	4,278
Share of current assets	111	728	266	5	**1,110**	758
	974	4,849	1,370	17	**7,210**	5,036
Share of current liabilities	(144)	(480)	(113)	(1)	**(738)**	(305)
Share of non-current liabilities	(645)	(2,446)	(1,208)	—	**(4,299)**	(2,843)
	(789)	(2,926)	(1,321)	(1)	**(5,037)**	(3,148)
Cumulative impairment	—	(1,345)	—	—	**(1,345)**	(1,094)
Share of net assets of joint ventures and associates	**185**	**578**	**49**	**16**	**828**	794
Shareholder loans	—	—	343	—	**343**	—
Interests in joint ventures and associates	**185**	**578**	**392**	**16**	**1,171**	794
Net (debt)/cash included in share of net assets	(568)	83	(675)	2	**(1,158)**	73

Further information on the Group's investments in joint ventures and associates is provided in notes 6 and S10.

15. Other intangible assets and goodwill

The Group Balance Sheet contains significant intangible assets. Goodwill, customer relationships and brands usually arise when we acquire a business. Goodwill is attributable to enhanced geographical presence, cost savings, synergies, growth opportunities, the assembled workforce and also arises from items such as deferred tax. Goodwill is not amortised but is assessed for recoverability each year.

The Group uses European Union Allowances (EUAs), UK Allowances (UKAs) and Renewable Obligation Certificates/ Renewable Energy Certificates (ROCs/RECs) to satisfy its related obligations.

(a) Carrying amounts

	2025					2024				
	Customer relationships and brands £m	Application software (i)(ii) £m	EUA/UKA/ ROC/REC (iii) £m	Goodwill £m	Total £m	Customer relationships and brands £m	Application software (i)(ii) £m	EUA/UKA/ ROC/REC (iii) £m	Goodwill £m	Total £m
Cost										
1 January	161	1,525	319	744	**2,749**	164	1,515	293	673	2,645
Acquisitions (note 12)	11	1	—	17	**29**	—	31	—	81	112
Additions and capitalised borrowing costs	—	47	890	—	**937**	—	37	856	—	893
Disposals/retirements and surrenders (iv)	(1)	(610)	(921)	(31)	**(1,563)**	—	(54)	(830)	—	(884)
Transfers to disposal groups held for sale	—	—	(1)	—	**(1)**	—	—	—	—	—
Exchange adjustments	2	4	—	9	**15**	(3)	(4)	—	(10)	(17)
31 December	**173**	**967**	**287**	**739**	**2,166**	161	1,525	319	744	2,749
Accumulated amortisation and impairment										
1 January	87	1,281	—	266	**1,634**	84	1,255	—	268	1,607
Amortisation (v)	9	76	—	—	**85**	5	81	—	—	86
Disposals/retirements and surrenders (iv)	(1)	(610)	—	(31)	**(642)**	—	(54)	—	—	(54)
Impairments	—	6	—	—	**6**	—	1	—	—	1
Exchange adjustments	2	3	—	—	**5**	(2)	(2)	—	(2)	(6)
31 December	**97**	**756**	**—**	**235**	**1,088**	87	1,281	—	266	1,634
NBV at 31 December	**76**	**211**	**287**	**504**	**1,078**	74	244	319	478	1,115

(i) Application software includes assets under construction with a cost of £43 million (2024: £28 million).

(ii) The remaining amortisation period of individually material application software assets, which have a carrying value of £109 million (2024: £132 million), is up to 15 years. Additionally, there are £16 million (2024: £13 million) of individually material software assets under construction.

(iii) The Group has assessed the expected submission dates of EUA/ROC/RECs currently held and where they are expected to be surrendered within a year of purchase, they are presented within current assets, otherwise as non-current. At 31 December 2025, £256 million (2024: £319 million) is presented within current assets.

(iv) Application software retirements relate to fully amortised software assets no longer in operational use, mainly in the Retail segment.

(v) Amortisation of £85 million (2024: £86 million) has been recognised in operating costs before exceptional items.

15. Other intangible assets and goodwill

(b) Carrying amount of goodwill and intangible assets with indefinite useful lives allocated to CGUs

Goodwill acquired through business combinations, and indefinite-lived intangible assets, have been allocated for impairment testing purposes to individual CGUs or groups of CGUs, each representing the lowest level within the Group at which the goodwill or indefinite-lived intangible asset is monitored for internal management purposes. Goodwill impairment testing resulted in no impairments being recorded for the year ended 31 December 2025 (31 December 2024: £nil). See note S2 for further details on impairment assumptions.

		2025			2024 (restated) (i)		
31 December	Principal acquisitions to which goodwill and intangibles with indefinite useful lives relate	**Carrying amount of goodwill £m**	**Carrying amount of indefinite-lived intangible assets (ii) £m**	**Total £m**	Carrying amount of goodwill £m	Carrying amount of indefinite-lived intangible assets (ii) £m	Total £m
Retail	AlertMe/Dyno-Rod/Ensek/ Enron Direct/Electricity Direct/ Bord Gáis Energy/Swyft	**357**	**57**	**414**	340	57	397
Optimisation	Neas Energy	**147**	**—**	**147**	138	—	138
		504	**57**	**561**	478	57	535

(i) Comparatives have been restated to reflect the new operating structure of the Group. See note 1(d) for further details.
(ii) The indefinite-lived intangible assets relate mainly to the Dyno-Rod brand.

The Group has considered the impact of climate change on the carrying value of goodwill, including the impact of the risks and opportunities. See note 3(c).

16. Deferred tax assets and liabilities

Deferred tax is an accounting adjustment to provide for tax that is expected to arise in the future as a result of differences in the accounting and tax bases of assets and liabilities. The principal deferred tax assets and liabilities recognised by the Group relate to capital investments, decommissioning assets and provisions, tax losses, fair value movements on derivative financial instruments, petroleum revenue tax (PRT) and pensions.

	Accelerated tax depreciation (corporation tax) £m	Net decommissioning (i) £m	Losses carried forward (ii) £m	Other timing differences £m	Marked-to-market positions £m	Net deferred PRT (iii) £m	Retirement benefit obligation £m	Total £m
1 January 2024	(480)	442	94	(1)	(25)	81	(79)	32
Credit/(charge) to income	71	48	(33)	54	110	(2)	(9)	239
Charge to equity	—	—	—	(4)	—	—	(7)	(11)
Exchange and other adjustments	(5)	—	—	(4)	—	—	—	(9)
31 December 2024	(414)	490	61	45	85	79	(95)	**251**
Credit/(charge) to income	153	42	(57)	19	(20)	(5)	(3)	**129**
(Charge)/credit to equity	—	—	—	(2)	1	—	124	**123**
Transferred to held for sale (iv)	185	(30)	(1)	1	—	—	—	**155**
Reallocation of losses (v)	—	—	81	—	(45)	—	(36)	**—**
Exchange and other adjustments	—	—	1	(3)	1	—	—	**(1)**
31 December 2025	**(76)**	**502**	**85**	**60**	**22**	**74**	**(10)**	**657**

(i) Net decommissioning includes deferred tax assets of £536 million (2024: £605 million) in respect of decommissioning provisions.
(ii) The losses arose principally in the UK downstream business from marked-to-market positions and retirement benefit obligations.
(iii) The deferred PRT amounts include the effect of deferred corporation tax as PRT is chargeable to corporation tax.
(iv) Sale of the Cygnus field and producing assets in the South Markham area and Southern North Sea by Spirit and the sale of Centrica Business Solutions businesses in Italy and the Netherlands. See note 12.
(v) Reallocation of losses is a presentational reclassification moving deferred tax balances into the losses carried forward category, with no impact on the total deferred tax position.

Certain deferred tax assets and liabilities have been offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	2025		2024	
31 December	**Assets £m**	**Liabilities £m**	Assets £m	Liabilities £m
Gross deferred tax balances	**828**	**(171)**	791	(540)
Offsetting deferred tax balances	**(169)**	**169**	(452)	452
Net deferred tax balances (after offsetting for financial reporting purposes)	**659**	**(2)**	339	(88)

Deferred tax assets arise typically on decommissioning provisions, trading losses carried forward, retirement benefit obligations and marked-to-market positions. Forecasts indicate that there will be suitable taxable profits to utilise those deferred tax assets not offset against deferred tax liabilities. Specific legislative provisions applicable to gas production provide assurance that deferred tax assets relating to decommissioning costs and certain trading losses will be utilised.

The UK gas production deferred tax assets and liabilities were measured at the headline rate of tax of 78% applicable to the UK gas profits, consisting of 30% ring fence corporation tax, 10% supplementary charge and 38% Energy Profits Levy (EPL).

The enactment of the Finance Act 2025 on 20 March 2025 extended the EPL until 31 March 2030 from 31 March 2028. The Group's deferred tax assets and liabilities were remeasured resulting in an increase of £57 million in its deferred tax liabilities.

At the balance sheet date, the Group had £1,182 million (2024: £1,295 million) unrecognised deductible temporary differences related to carried forward tax losses and other temporary differences available for utilisation against future taxable profits.

At the balance sheet date, no taxable temporary differences existed in respect of the Group's overseas investments (2024: £nil).

The Group has applied the mandatory exception to recognising and disclosing information about the deferred tax assets and liabilities related to Pillar 2 income taxes in accordance with the amendments to IAS 12 adopted by the UK Endorsement Board on 19 July 2023.

17. Trade and other receivables and contract-related assets

Trade and other receivables include accrued income, and are amounts owed by our customers for goods we have delivered or services we have provided. These balances are valued net of expected credit losses. Other receivables include payments made in advance to our suppliers. Contract-related assets are balances arising as a result of the Group's contracts with customers in the scope of IFRS 15.

31 December	2025 Current £m	2025 Non-current £m	2024 Current £m	2024 Non-current £m
Financial assets:				
Trade receivables	**3,951**	**57**	3,270	—
Unbilled downstream energy income	**870**	**—**	968	—
Trading and energy procurement accrued income (i)	**855**	**—**	1,653	—
Other accrued income	**83**	**—**	71	—
Cash collateral posted	**203**	**—**	191	—
Other receivables (including contract assets) (ii)	**149**	**62**	264	52
	6,111	**119**	6,417	52
Less: provision for credit losses	**(1,818)**	**—**	(1,532)	—
	4,293	**119**	4,885	52
Non-financial assets: prepayments, other receivables and costs to obtain a contract with a customer (iii)	**382**	**135**	319	127
	4,675	**254**	5,204	179

(i) Trading and energy procurement counterparty receivables are typically with customers with external, published credit ratings. Such receivables have typically much lower credit risk than downstream counterparties, are settled in a short period of time and expected credit losses are not significant.
(ii) Other receivables includes amounts owed under public service obligation schemes in Ireland of £27 million (2024: £90 million).
(iii) Includes costs of £49 million (2024: £28 million) incurred to obtain contracts with customers in the Retail segment. Costs are amortised over the expected tenure of the customer contract. See note S2.

The amounts above include gross amounts receivable arising from the Group's IFRS 15 contracts with customers of £3,899 million (2024: £3,195 million). Additionally, accrued income of £960 million (2024: £1,032 million) arising under IFRS 15 contracts is included.

Trade and other receivables include financial assets representing the contractual right to receive cash or other financial assets from residential customers, business customers and treasury, trading and energy procurement counterparties as follows:

31 December	2025 Current £m	2025 Non-current £m	2024 Current £m	2024 Non-current £m
Financial assets by business type:				
Residential customers	**3,363**	**64**	2,897	—
Business customers	**1,474**	**55**	1,517	50
Treasury, trading and energy procurement counterparties	**1,274**	**—**	2,003	2
	6,111	**119**	6,417	52
Less: provision for credit losses	**(1,818)**	**—**	(1,532)	—
	4,293	**119**	4,885	52

17. Trade and other receivables and contract-related assets

Credit loss charge for trade and other receivables and contract assets

The impairment charge in trade receivables is stated net of credits for the release of specific provisions made in previous years, which are no longer required. These relate primarily to residential and business customers in the UK. Movements in the provision for credit losses by business type are as follows:

	2025				2024			
	Residential customers £m	Business customers £m	Treasury, trading and energy procurement counterparties £m	**Total £m**	Residential customers £m	Business customers £m	Treasury, trading and energy procurement counterparties £m	Total £m
1 January	(984)	(529)	(19)	**(1,532)**	(850)	(443)	(16)	(1,309)
Increase in impairment of trade receivables (predominantly related to credit impaired trade receivables) (i) (ii) (iii)	(285)	(135)	(1)	**(421)**	(245)	(132)	(6)	(383)
Receivables written off (iv)	74	60	1	**135**	111	46	3	160
31 December	**(1,195)**	**(604)**	**(19)**	**(1,818)**	(984)	(529)	(19)	(1,532)

(i) Includes £410 million (2024: £364 million) of credit losses related to trade receivables resulting from contracts in the scope of IFRS 15.

(ii) All loss allowances reflect the lifetime expected credit losses on trade receivables and contract assets.

(iii) Excludes recovery of previously written-off receivables of £3 million (2024: £10 million). Due to the large number of individual receivables and the matrix approach employed, any reduction in provision is reflected in a reduced charge for the relevant period, rather than in separately identifiable reversals of previous provisions.

(iv) Materially all write-offs relate to trade receivables where enforcement activity is ongoing. The gross carrying value of write-offs related to trade receivables where enforcement activity is ongoing was £105 million (2024: £122 million).

Year ended 31 December	**2025 £m**	2024 £m
Increase in impairment provision for trade receivables (per above)	**(421)**	(383)
Less recovery of previously written-off receivables	**3**	10
Credit losses on financial assets (per Group Income Statement)	**(418)**	(373)

Enforcement activity continues in respect of balances that have been written off unless there are specific known circumstances (such as bankruptcy) that render further action futile.

17. Trade and other receivables and contract-related assets

Credit loss charge for trade and other receivables and contract assets

Receivables from residential and business customers are generally considered to be credit impaired when the payment is past the contractual due date. The Group applies different definitions of default for different groups of customers, ranging from sixty days past the due date to six to twelve months from the issuance of a final bill. Receivables are generally written off only once a period of time has elapsed since the final bill. Contractual due dates range from falling due upon receipt to falling due in thirty days from receipt.

The table below shows credit impaired balances in gross receivables (those that are past due) and those that are not yet due and therefore not considered to be credit impaired.

Gross trade and other receivables

31 December	2025 £m	2024 £m
Balances that are not past due	**3,420**	4,143
Balances that are past due [(i)]	**2,810**	2,326
	6,230	6,469

(i) The majority of balances that are past due relate to residential and business customers, ageing of these receivables is included in the credit risk tables in the sections below.

The IFRS 9 impairment model is applicable to the Group's financial assets including trade receivables, contract assets and other financial assets using the simplified approach as described in note S3. As the majority of the relevant balances are trade receivables and contract assets to which the simplified model applies, this disclosure focuses on these balances.

The provision for credit losses for trade receivables and contract assets is based on an expected credit loss model that calculates the expected loss applicable to the receivable balance over its lifetime. Expected credit losses on receivables due from treasury, trading and energy procurement counterparties are not significant (see note S3 for further analysis of this determination). For residential and business customers default rates are calculated initially by considering historical loss experience and applied to trade receivables within a provision matrix. The matrix approach allows application of different default rates to different groups of customers with similar characteristics. These groups are determined by a number of factors including: the nature of the customer, the payment method selected and, where relevant, the sector in which they operate. The characteristics used to determine the groupings of receivables are the factors that have the greatest impact on the likelihood of default. The rate of default increases once the balance is thirty days past due.

Concentration of credit risk in trade and other receivables

Treasury, trading and energy procurement counterparty receivables are typically with customers with external, published credit ratings. Such receivables have typically much lower credit risk than downstream counterparties, and that risk is assessed primarily by reference to the credit ratings rather than to the ageing of the relevant balance. Counterparty credit rating information is given in note S3.

The Group's posted cash collateral balance has increased to £203 million in 2025 (2024: £191 million). Collateral counterparties typically have strong credit ratings and accordingly have low credit risk; the Group does not expect credit losses to arise on these balances. See note S3.

The majority of the Group's credit exposure arises in the Retail segment and relates to residential and business energy customers. The credit risk associated with these customers is assessed as described above, using a combination of the age of the receivable in question, internal ratings based on a customer's payment history, and external data from credit rating agencies and wider macroeconomic information. The disclosures below reflect the information that is reported internally for credit risk management purposes in these segments.

17. Trade and other receivables and contract-related assets

Retail energy customer credit risk

Of the Group total of £4,008 million (2024: £3,270 million) billed trade receivables, energy customers in the Retail reporting segment contribute £3,699 million (2024: £3,075 million). The Retail segment includes residential and business energy customers. As described above, credit risk is concentrated in receivables from energy customers who pay in arrears. Gross receivables from residential energy customers in the UK amount to £2,481 million (2024: £1,945 million) and from business energy customers in the UK amount to £990 million (2024: £910 million) and are analysed below. The Retail segment also includes residential and business energy customers in Ireland of £125 million (2024: £93 million), but these are not included in the analysis below.

Trade receivables due from residential energy customers as at 31 December (i)	2025					2024				
Days beyond invoice date (ii)	<30 days £m	30-90 days £m	>90 days £m	**Total £m**	Percentage of credit risk	<30 days £m	30-90 days £m	>90 days £m	Total £m	Percentage of credit risk
Risk profile										
Direct debits (iii)										
Gross receivables	358	73	243	**674**		303	67	227	597	
Provision	—	(1)	(18)	**(19)**		—	—	(10)	(10)	
Net	358	72	225	**655**	**3%**	303	67	217	587	2%
Payment on receipt of bill (iii)										
Gross receivables	89	86	1,095	**1,270**		89	56	815	960	
Provision	(4)	(13)	(551)	**(568)**		(4)	(8)	(445)	(457)	
Net	85	73	544	**702**	**45%**	85	48	370	503	48%
Final bills (iv)										
Gross receivables	19	33	485	**537**		19	22	347	388	
Provision	(6)	(19)	(426)	**(451)**		(7)	(14)	(311)	(332)	
Net	13	14	59	**86**	**84%**	12	8	36	56	86%
Total net residential energy customers trade receivables	**456**	**159**	**828**	**1,443**	**42%**	400	123	623	1,146	41%
Trade receivables due from business customers as at 31 December										
Commercial and industrial (v)										
Gross receivables	21	6	19	**46**		22	4	15	41	
Provision	—	—	(10)	**(10)**		—	—	(10)	(10)	
Net	21	6	9	**36**	**22%**	22	4	5	31	24%
Medium-sized entities										
Gross receivables	40	9	123	**172**		41	14	105	160	
Provision	—	—	(78)	**(78)**		—	—	(64)	(64)	
Net	40	9	45	**94**	**45%**	41	14	41	96	40%
Small businesses										
Gross receivables	95	46	631	**772**		116	59	534	709	
Provision	(2)	(8)	(470)	**(480)**		(3)	(10)	(405)	(418)	
Net	93	38	161	**292**	**62%**	113	49	129	291	59%
Total net business energy customers trade receivables	**154**	**53**	**215**	**422**	**57%**	176	67	175	418	54%
Total retail energy customers trade receivables	**610**	**212**	**1,043**	**1,865**	**46%**	576	190	798	1,564	45%

(i) The receivables information presented in this table relates to downstream customers who pay energy bills using the methods presented. For residential energy customers, it excludes low residual credit risk amounts, such as balances in the process of recovery through pay-as-you-go energy (PAYGE) arrangements and amounts receivable from PAYGE energy vendors. Gross amounts in the process of recovery through PAYGE arrangements at 31 December 2025 are £103 million (2024: £114 million), against which a provision of £65 million is held (2024: £92 million).

(ii) This ageing analysis is presented relative to invoicing date and presents receivables according to the oldest invoice outstanding with the customer. There are a range of payment terms extended to residential energy customers. Amounts paid on receipt of a bill (PORB), which are settled using bank transfers, cash or cheques are typically due within fourteen days of invoicing. Direct debit customers typically pay in equal instalments over a twelve-month period. For business energy customers, there are a range of payment terms extended to business energy customers. Standard credit terms for small business customers are ten working days. Standard credit terms for medium-sized entity customers are ten working days. Credit terms for commercial and industrial customers are bespoke and are set based on the commercial agreement with each customer.

(iii) Receivables settled by direct debit are deemed to present a lower credit risk than PORB amounts. This is reflected in the relative level of provision held for these types of receivables.

(iv) Final bill customers are those who are no longer customers of the Group and have switched energy supplier. These balances are deemed to have the highest credit risk.

(v) This category includes low credit risk receivables, including those from public sector and customers with high turnover (greater than £100 million).

17. Trade and other receivables and contract-related assets

Sensitivity to changes in assumptions

Typically, the most significant assumption included within the expected credit loss provisioning model that gives rise to estimation uncertainty is that future performance will be reflective of past performance and that there will be no significant change in the payment profile or recovery rates within each identified group of receivables. To address this risk, the Group reviews and updates default rates, by group, on a regular basis to ensure they incorporate the most up to date assumptions along with forward-looking information where available and relevant. The Group also considers regulatory changes and customer segment specific factors that may have an impact, now or in the future, on the recoverability of the balance.

The specific consideration of forward-looking information in the impairment model does not usually give rise to significant changes in the levels of credit losses. However, typical household energy costs have trended upwards during 2025 and continue to cause uncertainty in economic outlook; there remains a level of estimation uncertainty inherent in determining credit loss provisions for the Group's trade receivables.

Where customers experience difficulties in settling balances, the increased ageing of these amounts results in an increase in provisions held in respect of them under the provision matrix approach employed. The Group has also considered changes in customer payment patterns, the specific circumstances of the customers and the economic impacts of the factors identified above, on the sectors in which they operate. Whilst economic recovery is expected, a level of unpredictability remains apparent.

Customers are facing continued pressures relating to their cost of living, including increased energy bills. The Group has considered macroeconomic forecasts and sensitivities, as well as disposable income analysis from a credit rating agency, to model and determine the level of provisions for credit losses.

During 2025 the Group recognised credit losses net of recoveries of £418 million (2024: £373 million) in respect of financial assets, representing 2.1% of total Group revenue (2024: 1.9%) and 1.9% (2024: 1.5%) of total Group revenue from business performance. As described above, the majority of the Group's credit exposure arises in respect of receivables from energy customers in the Retail segment. Credit losses in respect of these assets amounted to £410 million (2024: £361 million). This represents 2.7% (2024: 2.3%) of total Retail revenue within the scope of IFRS 15 from these segments of £15,261 million (2024: £15,823 million). Further details of segmental revenue are provided in note 4.

Due to the different level of risks presented by billed and unbilled receivables, these asset groups are considered separately in the analysis below.

Billed trade receivables

	31 December 2025 £m	31 December 2024 £m
Trade receivables	**4,008**	3,270
Provision	**(1,759)**	(1,471)
Net balance	**2,249**	1,799

	31 December 2025 %	31 December 2024 %
Provision coverage	**44**	45
Sensitivity	**£m**	£m
Impact on billed receivables/operating profit from 1 percentage point (increase)/decrease in provision coverage (i)	**(40)/40**	(33)/33

(i) Credit risk in the Group is impacted by a large number of interacting factors.

Typical household energy bills have trended upwards during 2025 as wholesale prices remain high and network costs and policy levies have increased. The operating landscape within the Retail residential portfolio remains difficult, with mixed macroeconomic conditions. Although interest rates and inflation have fallen, unemployment has increased. Challenges relating to the performance of older aged debt persist due to the lasting impact of both the energy crisis and warrant suspension. Both gross receivables, and the total value of the credit loss provision have increased in value during the year. In November, the government announced an estimated £150 a year reduction in residential energy bills by removing certain green levies from April 2026. Whilst this does not impact the gross receivable value at 31 December 2025, it may improve cash collections, and hence reduce provisioning, on a forward-looking basis.

Within the residential customer base, management have identified billed customers who pay on receipt of their bills as being the highest risk. Credit loss provision coverage for this cohort of customers has in fact decreased, primarily because the forward-looking expectations of debt performance, covered by the Group's macroeconomic provision in the prior year, were more conservative than actual collections. Although collections performance has improved slightly over the year as a result of litigation activities, this cohort of customers is a key focus for the Retail business.

Debt recovery relating to residential energy customers remains challenging. Limited field activity continues, although warrant visits remain suspended, with only a minimal level of voluntary credit to prepayment meter exchanges taking place. It is unlikely to return to previous volumes due to a stricter Code of Practice, creating uncertainty in relation to future debt recovery. This is partially mitigated by litigation activity, however debt levels relating to distressed customer accounts are continuing to increase.

17. Trade and other receivables and contract-related assets

Gross receivables relating to business customers in the Retail segment have slightly decreased, although the provision coverage has increased. As well as the mixed macroeconomic factors affecting residential customers above, business customers also face increased employer National Insurance payments, as well as a rise in the National Minimum Wage. Latest figures also indicate that company insolvencies have slightly increased during the year, suggesting that cost pressures remain. The mix between live and final debt in the business portfolio has also changed during the year, driven by a greater volume of field activities. This has resulted in more amounts due being classified as final, attracting a higher resultant provision rate.

The delayed impact on customer payments are now broadly reflected in the underlying matrix output model used to record provision coverage, hence the reduction in the additional macroeconomic provision to £11 million (2024: £49 million). Management considers the impact of specific cohorts of customers referenced in the previous tables when making this assessment, recognising the different credit terms and different risk profiles that exist. This assessment also utilises a range of factors, both internal and external, historic and forward-looking, and considers the sensitivities of these to help management estimate the likely recovery of debt.

It remains uncertain as to when and how these factors will reduce the collectability of debt and at what scale. Future changes in commodity prices may also impact this. The table above and the unbilled section below provide details of the sensitivity of moving the debt provision by a further 1%.

The Group's services, infrastructure and trading operations are less susceptible to credit risk. No significant deterioration of credit risk has been experienced or is expected in the relevant segments in respect of billed trade receivables recognised at 31 December 2025, taking into account cash collection cycles in those areas of the Group and credit rating information (see note S3).

Unbilled downstream energy income

The table below shows the IFRS 15 unbilled downstream energy income for the Group as a whole.

	31 December 2025 £m	31 December 2024 £m
Gross unbilled receivables	**870**	968
Provision	**(59)**	(61)
Net balance	**811**	907

	31 December 2025 %	31 December 2024 %
Provision coverage	**7**	6
Sensitivity	**£m**	£m
Impact on unbilled receivables/operating profit from 1 percentage point (increase)/decrease in provision coverage (i)	**(9)/9**	(10)/10

(i) Credit risk in the Group is impacted by a large number of interacting factors.

Unbilled downstream energy income is typically provided at a significantly lower rate than billed debt. This is because a large proportion of this debt once billed will be subject to the very short cash collection cycles of the Group's downstream energy supply businesses.

18. Inventories

Inventories represent assets that we intend to use in future periods, either by selling the asset itself (e.g. gas in storage) or by using it to provide a service to a customer.

31 December	**2025 £m**	2024 £m
Gas in storage and transportation (i)	**212**	745
Other raw materials and consumables	**96**	120
Finished goods and goods for resale	**31**	39
	339	904

(i) Includes gas in storage held at fair value of £193 million (2024: £364 million).

The Group consumed £1,294 million of inventories (2024: £1,806 million) during the year. Write-downs amounting to £8 million (2024: £14 million) were charged to the Group Income Statement in the year.

19. Derivative financial instruments

The Group generally uses derivative financial instruments to manage the risk arising from fluctuations in the value of certain assets or liabilities associated with treasury management and energy sales and procurement, and for proprietary energy trading purposes. The Group also uses derivatives to hedge exchange risk.

For accounting purposes, derivatives are either classified as held for trading, in which case changes in their fair value are recognised in the Group Income Statement, or they are designated in hedging relationships. Where derivatives are in hedging relationships, the treatment of changes in their fair value depends on the nature of that relationship, and whether it represents a fair value hedge or a cash flow hedge. Note S5 provides further detail on the Group's hedge accounting. The table below gives a high-level summary of the Group's accounting for its derivative contracts.

Purpose	Classification	Accounting treatment
Proprietary energy trading and treasury management	Held for trading and fair value hedges	Changes in fair value recognised in the Group's business performance results for the year
Treasury management	Cash flow hedges	Effective portion of hedge initially recognised in the Group Statement of Other Comprehensive Income. Gains and losses are recycled to the Group Income Statement when the hedged item impacts profit or loss. Ineffective portions of the hedge are recognised immediately in the Group's business performance results for the year
Energy procurement and optimisation	Held for trading	Changes in fair value recognised in the Group's exceptional items and certain re-measurements results for the year

The carrying values of derivative financial instruments by product type for accounting purposes are as follows:

31 December	2025 Assets £m	2025 Liabilities £m	2024 Assets £m	2024 Liabilities £m
Derivative financial instruments – held for trading under IFRS 9:				
Energy derivatives – for procurement/optimisation	**513**	**(426)**	530	(251)
Energy derivatives – for proprietary trading	**285**	**(393)**	886	(913)
Foreign exchange derivatives	**40**	**(106)**	128	(83)
Derivative financial instruments in hedge accounting relationships:				
Interest rate derivatives	**—**	**(95)**	—	(134)
Foreign exchange derivatives	**38**	**(16)**	32	(6)
Total derivative financial instruments	**876**	**(1,036)**	1,576	(1,387)
Included within:				
Derivative financial instruments – current	**600**	**(693)**	1,309	(932)
Derivative financial instruments – non-current	**276**	**(343)**	267	(455)

The contracts included within energy derivatives are subject to a wide range of detailed specific terms, but comprise the following general components, analysed on a net carrying value basis:

31 December	2025 £m	2024 £m
Short-term forward market purchases and sales of gas and electricity:		
UK and Europe	**122**	125
Other derivative contracts including structured gas sale and purchase arrangements	**(144)**	127
Net total	**(22)**	252

Net (losses)/gains on derivative financial instruments due to change in fair value

31 December	2025 Income Statement £m	2025 Equity £m	2024 Income Statement £m	2024 Equity £m
Financial assets and liabilities measured at fair value:				
Derivative financial instruments – held for trading	**(458)**	**—**	20	—
Derivative financial instruments in hedge accounting relationships	**40**	**(5)**	(14)	(8)
	(418)	**(5)**	6	(8)

20. Trade and other payables and contract liabilities

Trade and other payables include accruals and are principally amounts we owe to our suppliers. Financial deferred income represents monies received from customers in advance of the delivery of goods or services that may be returned to the customer if future delivery does not occur. For example, downstream customers with a credit balance may request repayment of the outstanding amount in cash, rather than taking delivery of commodity. By contrast, contract liabilities and non-financial deferred income arise when the Group receives consideration from a customer in advance of performance, and has a non-financial liability to deliver future goods or services in return.

	2025		2024	
31 December	**Current £m**	**Non-current £m**	Current £m	Non-current £m
Financial liabilities:				
Trade payables	**(379)**	**(3)**	(363)	(3)
Deferred income (i)	**(923)**	**—**	(935)	—
Capital payables	**(92)**	**—**	(137)	—
Cash collateral received	**(81)**	**—**	(162)	—
Other payables (ii)	**(340)**	**(71)**	(375)	(91)
Accruals:				
Commodity costs	**(1,588)**	**—**	(2,272)	—
Transportation, distribution and metering costs	**(411)**	**—**	(335)	—
Operating and other accruals	**(714)**	**(54)**	(887)	(77)
	(2,713)	**(54)**	(3,494)	(77)
	(4,528)	**(128)**	(5,466)	(171)
Non-financial liabilities:				
Other payables and accruals (iii)	**(993)**	**—**	(832)	—
Contract liabilities	**(16)**	**(3)**	(33)	—
Deferred income	**(44)**	**(7)**	(61)	(4)
	(5,581)	**(138)**	(6,392)	(175)

(i) Deferred income includes downstream customer credit balances for amounts billed in advance of energy supply. The amount naturally peaks over summer as customers consume less and will unwind as consumption of gas and electricity increases over winter.

(ii) Other payables includes contingent consideration of £109 million (2024: £100 million) and the share buyback liability of £14 million (2024: £75 million). See note S4 for further details on the share buyback programme.

(iii) Other non-financial payables and accruals includes ROCs creditors of £689 million (2024: £660 million).

Maturity profile of financial liabilities within current trade and other payables

31 December	**2025 £m**	2024 £m
Less than 90 days	**(4,183)**	(5,090)
90 to 182 days	**(117)**	(128)
183 to 365 days	**(228)**	(248)
	(4,528)	(5,466)

21. Provisions for other liabilities

Provisions are recognised when an obligation exists that can be reliably measured, but where there is uncertainty over the timing and/or amount of the payment. The main provisions relate to decommissioning costs for Infrastructure assets we own, or have owned, which require restoration or remediation, along with onerous supply contracts. Further provisions relate to restructuring costs, and legal and regulatory matters.

	1 January 2025 £m	Charged in the year £m	Unused and reversed in the year £m	Utilised £m	Transfers (v) £m	Exchange adjustments £m	**31 December 2025 £m**
Current							
Restructuring costs	(8)	(18)	8	7	(5)	—	**(16)**
Decommissioning costs (i) (ii)	(103)	—	—	71	(125)	—	**(157)**
Onerous contracts provision (iii)	(104)	(40)	1	109	(2)	2	**(34)**
Other (iv)	(153)	(46)	32	70	(13)	(1)	**(111)**
Total	**(368)**	**(104)**	**41**	**257**	**(145)**	**1**	**(318)**

	1 January 2025 £m	Charged in the year £m	Notional interest £m	Unused and reversed in the year £m	Revisions and additions £m	Transfers (v) £m	Transfers to disposal groups held for sale (vi) £m	Exchange adjustments £m	**31 December 2025 £m**
Non-current									
Restructuring costs	(7)	—	—	—	—	5	—	—	**(2)**
Decommissioning costs (i) (ii)	(1,356)	(47)	(26)	22	16	125	129	(8)	**(1,145)**
Onerous contracts provision (iii)	(15)	(28)	—	—	—	2	—	—	**(41)**
Other (iv)	(115)	(13)	—	39	(7)	13	—	—	**(83)**
Total	**(1,493)**	**(88)**	**(26)**	**61**	**9**	**145**	**129**	**(8)**	**(1,271)**

Included within the above liabilities are the following financial liabilities:

	2025		2024	
31 December	**Current £m**	**Non-current £m**	Current £m	Non-current £m
Restructuring costs	**(16)**	**(2)**	(8)	(7)
Provisions other than restructuring costs	**(134)**	**(104)**	(249)	(113)
	(150)	**(106)**	(257)	(120)

Maturity profile of decommissioning provisions

31 December	**2025 £m**
2026-2030	**(734)**
2031-2035	**(549)**
2036-2040	**(13)**
2041-2045	**(1)**
2046-2050	**(1)**
2051-2055	**(2)**
2056-2060	**(1)**
2061 or later	**(1)**
	(1,302)

(i) Provision has been made for the estimated net present cost of decommissioning gas production facilities at the end of their useful lives. The estimate has been based on 2P reserves, price levels and technology at the balance sheet date. The payment dates of decommissioning costs are dependent on the lives of the facilities, but utilisation of the provision is expected to occur until the 2060s. The maturity profile of total decommissioning provisions is analysed above. The rate used to discount decommissioning provisions is 2% (2024: 2%). See note 3.

(ii) Included in the provision balance as at 31 December 2025 is £961 million (2024: £1,139 million) held in Spirit Energy, £321 million (2024: £302 million) in relation to the Rough field, and £20 million (2024: £18 million) in the remainder of the business.

(iii) The onerous contracts provision includes a charge of £(49) million (2024: £(82) million) and utilisation of £99 million (2024: £nil) related to movements in onerous LNG contract provisions. See note 7.

(iv) Other provisions have been made for dilapidations, insurance, legal, warranty, regulatory and various other claims, including in relation to Ofgem's ongoing investigation into British Gas's legacy arrangements for the installation of prepayment meters under warrant. Utilisation of the non-current other provision balance is expected to occur by the early 2030s.

(v) Transfers relate to amounts transferred between current and non-current provisions.

(vi) Transfers to disposal groups held for sale relate to the sales of the Cygnus fields in the Infrastructure segment. £85 million relates to the disposal that completed in October 2025. The remaining £44 million relates to the subsequent disposal agreed in December 2025 which remained held for sale at the year end date. See note 12 for further details.

22. Post-retirement benefits

The Group manages a number of final salary and career average defined benefit pension schemes. It also has defined contribution schemes. The majority of these schemes are in the UK.

(a) Summary of main post-retirement benefit schemes

Name of scheme	Type of benefit	Status	Country	Number of active members as at 31 December 2025	Total membership as at 31 December 2025
Centrica Engineers Pension Scheme	Defined benefit final salary pension	Closed to new members in 2006	UK	**1,303**	**8,341**
	Defined benefit career average pension	Closed to new members in 2022	UK	**2,333**	**7,067**
Centrica Pension Plan	Defined benefit final salary pension	Closed to new members in 2003	UK	**1,225**	**8,328**
Centrica Pension Scheme	Defined benefit final salary pension	Closed to new members in 2003	UK	**1**	**9,934**
	Defined benefit career average pension	Closed to new members in 2008	UK	**664**	**4,124**
Centrica Savings Plan	Defined contribution pension	Open to new members	UK	**13,345**	**14,871**
Centrica Leavers Savings Plan	Defined contribution pension	Deferred members only	UK	**—**	**10,351**
Bord Gáis Energy Company Defined Benefit Pension Scheme	Defined benefit final salary pension	Closed to new members in 2014	Republic of Ireland	**80**	**168**
Bord Gáis Energy Company Defined Contribution Pension Plan	Defined contribution pension	Open to new members	Republic of Ireland	**433**	**634**

The Centrica Engineers Pension Scheme (CEPS), Centrica Pension Plan (CPP) and Centrica Pension Scheme (CPS) form the significant majority of the Group's defined benefit obligation and are referred to below as the 'Registered Pension Schemes'. The other schemes are individually, and in aggregate, immaterial.

Independent valuations

The Registered Pension Schemes are subject to independent valuations at least every three years, on the basis of which the qualified actuary certifies the rate of employer contributions, which together with the specified contributions payable by the employees and proceeds from the schemes' assets, are expected to be sufficient to fund the benefits payable under the schemes.

The latest full actuarial valuations agreed and finalised with the Pension Trustees were carried out at the following dates: the Registered Pension Schemes at 31 March 2024 and the Bord Gáis Energy Company Defined Benefit Pension Scheme at 1 January 2023. These valuations have been updated to 31 December 2025 for the purpose of meeting the requirements of IAS 19. Investments held in all schemes have been valued for this purpose at market value. In February 2025, full actuarial valuations of the Registered Pension Schemes at 31 March 2024 were agreed and finalised with the Pension Trustees. The impact on pension scheme contributions is shown in note 22(g). These valuations will be updated prospectively in future reporting periods for the purpose of meeting the requirements of IAS 19.

Governance

The Registered Pension Schemes are managed by trustee companies whose boards consist of both company-nominated and member-nominated Directors. Each scheme holds units in the Centrica Combined Common Investment Fund (CCCIF), which holds the majority of the combined assets of the Registered Pension Schemes. The board of the CCCIF is currently comprised of seven directors: two independent directors (including the Chair), two directors appointed by Centrica plc and one director appointed by each of the three Registered Pension Schemes.

Under the terms of the Pensions Act 2004, Centrica plc and each trustee board must agree the funding rate for its defined benefit pension scheme and a recovery plan to fund any deficit against the scheme-specific statutory funding objective. This approach was first adopted for the triennial valuations completed at 31 March 2006, and has been reflected in subsequent valuations, including the 31 March 2024 valuation.

22. Post-retirement benefits

(b) Risks

The Registered Pension Schemes expose the Group to the following risks:

Asset volatility

The pension liabilities are calculated using a discount rate set with reference to AA corporate bond yields. If the growth in plan assets is lower than this, this will create an actuarial loss within other equity. The CCCIF is responsible for managing the assets of each scheme in line with the risk tolerances that have been set by the Trustees of the schemes, and invests in a diversified portfolio of assets. The schemes are relatively young in nature (the schemes opened in 1997 on the formation of Centrica plc on demerger from BG plc (formerly British Gas plc)), and only took on past service liabilities in respect of active employees.

The Trustees reduce their tolerance to scheme valuation risk by hedging a significant majority of the long term inflation and interest rate risk. This de-risking includes the use of physical gilts and collateralised gilt holdings in the schemes' Liability-Driven Investment (LDI) portfolio (shown in the Pension scheme asset table in section (f) of this note within Liability matching assets). Since the last quarter of 2022, following significant volatility in gilt yields, the Trustees have significantly reduced the levels of leverage within the LDI portfolio. The schemes also benefit from further hedging arising from the other long-dated income unquoted asset portfolio.

Interest rate

A decrease in bond interest rates will increase the net present value of the pension liabilities. The relative immaturity of the schemes means that the duration of the liabilities is longer than average for typical UK pension schemes, resulting in a relatively higher exposure to interest rate risk. This risk is reduced via the hedging referred to in the Asset volatility section.

Inflation

Pensions in deferment, pensions in payment and pensions accrued under the career average schemes increase in line with the Retail Prices Index (RPI) and the Consumer Prices Index (CPI). Therefore, scheme liabilities will increase if inflation is higher than assumed, although in some cases caps are in place to limit the impact of significant movements in inflation. Furthermore, a pension increase exchange (PIE) option implemented in 2015 is available to future retirees, which gives the choice to receive a higher initial pension in return for giving up certain future increases linked to RPI, again limiting the impact of significant movements in inflation. Inflation risk is reduced via the hedging referred to in the Asset volatility section.

Longevity

The majority of the schemes' obligations are to provide benefits for the life of scheme members and their surviving spouses; therefore increases in life expectancy will result in an increase in the pension liabilities. The relative immaturity of the schemes means that there is comparatively little observable mortality data to assess the rates of mortality experienced by the schemes, and means that the schemes' liabilities will be paid over a long period of time, making it particularly difficult to predict the life expectancy of the current membership. Furthermore, pension payments are subject to inflationary increases, resulting in a higher sensitivity to changes in life expectancy.

Salary

Pension liabilities are calculated by reference to the future salaries of active members, and hence salary rises in excess of assumed increases will increase scheme liabilities. During 2011, changes were introduced to the final salary sections of CEPS and CPP such that annual increases in pensionable pay are capped to 2%, resulting in a reduction in salary risk. During 2016, a salary cap on pensionable pay for the CPS career average and CPP schemes was implemented, and in 2019 a similar change took place for CEPS. All of the 2011, 2016 and 2019 changes result in a reduction in salary risk.

Foreign exchange

Certain assets held by the CCCIF are denominated in foreign currencies, and hence their values are subject to exchange rate risk. The CCCIF has long-term hedging policies in place to manage interest rate, inflation and foreign exchange risks. The following table analyses the total liabilities of the Registered Pension Schemes, calculated in accordance with accounting principles, by type of liability, as at 31 December 2025.

22. Post-retirement benefits

Total liabilities of the Registered Pension Schemes

31 December	2025 %
Actives – final salary – capped	**8**
Actives – final salary – uncapped and crystallised benefits	**1**
Actives – career average	**3**
Deferred pensioners	**33**
Pensioners	**55**
	100

The weighted average duration of the Registered Pension Schemes as at 31 December 2025 was approximately 16 years (31 December 2024: 17 years).

(c) Accounting assumptions

The accounting assumptions for the Registered Pension Schemes are given below:

Major assumptions used for the actuarial valuation

31 December	2025 %	2024 %
Rate of increase in employee earnings:		
Subject to 2% cap	**1.5**	1.6
Other not subject to cap	**2.6**	2.8
Rate of increase in pensions in payment	**2.9**	3.1
Rate of increase in deferred pensions:		
In line with CPI capped at 2.5%	**2.3**	2.5
In line with RPI	**2.8**	3.1
Discount rate	**5.5**	5.4

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date have been based on a combination of standard actuarial mortality tables, scheme experience and other relevant data, and include an allowance for future improvements in mortality. The longevity assumptions for members in normal health are as follows:

Life expectancy at age 65 for a member

	2025		2024	
31 December	Male Years	Female Years	Male Years	Female Years
Currently aged 65	**21.8**	**23.6**	22.2	23.7
Currently aged 45	**23.1**	**24.7**	23.4	24.8

The other demographic assumptions have been set having regard to the latest trends in scheme experience and other relevant data. The assumptions are reviewed and updated as necessary as part of the periodic actuarial valuations of the pension schemes.

For the Registered Pension Schemes, marginal adjustments to the assumptions used to calculate the pension liability, or significant swings in bond yields or stock markets, can have a large impact in absolute terms on the net assets of the Group. Reasonably possible changes as at 31 December to one of the actuarial assumptions would have affected the scheme liabilities as set out below:

Impact of changing material assumptions

	2025		2024	
31 December	Increase/ decrease in assumption	Indicative effect on scheme liabilities (%)	Increase/ decrease in assumption	Indicative effect on scheme liabilities (%)
Rate of increase in employee earnings subject to 2% cap	**0.25%**	**+/-0**	0.25%	+/-0
Rate of increase in pensions in payment and deferred pensions	**0.25%**	**+/-3**	0.25%	+/-3
Discount rate	**0.25%**	**-/+4**	0.25%	-/+4
Inflation assumption	**0.25%**	**+/-3**	0.25%	+/-3
Longevity assumption	**1 year**	**+/-2**	1 year	+/-2

The indicative effects on scheme liabilities have been calculated by changing each assumption in isolation and assessing the impact on the liabilities. For the reasonably possible change in the inflation assumption, it has been assumed that a change to the inflation assumption would lead to corresponding changes in the assumed rates of increase in uncapped pensionable pay, pensions in payment and deferred pensions.

The remaining disclosures in this note cover all of the Group's defined benefit schemes.

22. Post-retirement benefits

(d) Amounts included in the Group Balance Sheet

31 December	2025 £m	2024 £m
Fair value of plan assets	**5,606**	5,563
Present value of defined benefit obligation	**(5,901)**	(5,584)
Recognised in the Group Balance Sheet	**(295)**	(21)
Presented in the Group Balance Sheet as:		
Retirement benefit assets	**12**	129
Retirement benefit liabilities	**(307)**	(150)

The Trust Deed and Rules for the Registered Pension Schemes provide the Group with a right to a refund of surplus assets assuming the full settlement of scheme liabilities. The Trustees do not have the unilateral right to wind-up the schemes and cannot unilaterally enhance member benefits. The Group has not recognised any liability in relation to future contributions under its minimum funding agreement with the Trustees. No asset ceiling restrictions have been applied in the consolidated Financial Statements.

(e) Movements in the year

	2025		2024	
	Pension liabilities £m	Pension assets £m	Pension liabilities £m	Pension assets £m
1 January	**(5,584)**	**5,563**	(6,260)	6,143
Items included in the Group Income Statement:				
Current service cost	**(18)**	**—**	(18)	—
Contributions by employer in respect of employee salary sacrifice arrangements [(i)]	**(17)**	**—**	(24)	—
Total current service cost	**(35)**	**—**	(42)	—
Past service cost	**(3)**	**—**	—	—
Interest (expense)/income	**(296)**	**301**	(282)	283
Termination cost	**(8)**	**—**	(1)	—
Items included in the Group Statement of Comprehensive Income:				
Returns on plan assets, excluding interest income	**—**	**(168)**	—	(830)
Actuarial loss from changes to demographic assumptions	**(14)**	**—**	(16)	—
Actuarial gain from changes in financial assumptions	**247**	**—**	721	—
Actuarial (loss)/gain from experience adjustments	**(494)**	**—**	12	—
Items included in the Group Cash Flow Statement:				
Employer contributions	**—**	**179**	—	227
Contributions by employer in respect of employee salary sacrifice arrangements	**—**	**17**	—	24
Other movements:				
Benefits paid from schemes	**287**	**(287)**	284	(284)
Other	**(1)**	**1**	—	—
31 December	**(5,901)**	**5,606**	(5,584)	5,563

(i) A salary sacrifice arrangement was introduced on 1 April 2013 for pension scheme members. The contributions paid via the salary sacrifice arrangement have been treated as employer contributions and included within the current service cost, with a corresponding reduction in salary costs.

In addition to current service cost on the Group's defined benefit pension schemes, the Group also charged £113 million (2024: £95 million) to operating profit in respect of defined contribution pension schemes. This included contributions of £43 million (2024: £39 million) paid via a salary sacrifice arrangement.

The 2024 triennial actuarial valuation was completed during the period and the use of updated data from the valuation had the dual impact of capturing experience up to 31 March 2024 not already quantified within previous IAS 19 accounting figures and also allowing for any difference in the roll-forward and assumption changes of the liability after allowing for the updated underlying liability profile and cash flows. This led to an adverse experience adjustment. The adjustment is purely for accounting purposes and has no impact on the technical provisions (funding basis) valuations.

22. Post-retirement benefits

(f) Pension scheme assets

The market values of plan assets were:

	2025			2024		
31 December	Quoted £m	Unquoted £m	Total £m	Quoted £m	Unquoted £m	Total £m
Equities	55	416	471	19	491	510
Corporate bonds (i)	435	—	435	12	—	12
High-yield debt	15	945	960	14	1,063	1,077
Liability matching assets	2,430	—	2,430	2,388	—	2,388
Other long-dated income assets	—	913	913	—	1,025	1,025
Property	—	287	287	—	303	303
Cash pending investment	110	—	110	248	—	248
	3,045	2,561	5,606	2,681	2,882	5,563

(i) Corporate bonds includes investment grade asset-backed securities.

Unquoted private equity, other long-dated income assets and debt funds are valued at fair value as calculated by the investment manager at the latest valuation date in accordance with generally accepted guidelines, adjusted for cash flow in the intervening period. Investment properties are valued in accordance with guidelines by independent valuers. These valuations are reviewed annually as part of the CCCIF audit and receive greater scrutiny now that unquoted assets make up a greater proportion of the scheme portfolio. Included within equities are £nil (2024: £nil) of ordinary shares of Centrica plc via pooled funds that include a benchmark allocation to UK equities. Included within corporate bonds are £nil (2024: £nil) of bonds issued by Centrica plc, albeit minor exposure may be held within pooled funds over which the CCCIF has no ability to direct investment decisions. Apart from the investment in the Scottish Limited Partnerships which form part of the asset-backed contribution arrangements described in section (g) of this note, no direct investments are made in securities issued by Centrica plc or any of its subsidiaries or property leased to or owned by Centrica plc or any of its subsidiaries. The corporate bond, high-yield debt and liability matching asset categories headings above have segregated portfolio mandates which include the cash, cash funds and derivatives associated with the mandates.

The liability matching assets in the table above relate to the quoted LDI and gilts portfolio used to hedge against movements in interest rates and inflation. The other long-dated income assets are unquoted investments in infrastructure and similar assets.

Included within the Group Balance Sheet within non-current securities are £59 million (2024: £108 million) of investments, held in trust on behalf of the Group, as security in respect of the Centrica Unapproved Pension Scheme. Of the pension scheme liabilities above, £46 million (2024: £48 million) relate to this scheme. More information on the Centrica Unapproved Pension Scheme is included in the Remuneration Report on pages 86 to 107.

(g) Pension scheme contributions

The Group estimates that it will pay £18 million of ordinary employer contributions during 2026 for its defined benefit schemes, together with £12 million of contributions paid via a salary sacrifice arrangement.
The actuarial valuation as at 31 March 2024 for the Registered Pensions Schemes has been agreed with the Pension Trustees. As at that date, the technical provisions deficit (funding basis) was £504 million. The Group committed to annual cash contributions to fund this pension deficit. The overall deficit contributions committed to, including the previously disclosed asset-backed contribution arrangements, totalled £175 million in 2024 (of which £99 million was after 31 March 2024), £146 million in 2025, £139 million in 2026 and £140 million in 2027; with a balancing payment of £44 million in 2028. Separately, a pension strain payment of £4 million associated with employee redundancies was also contributed in 2025 (2024: £1 million). Outside of the above recovery plan, asset-backed contribution arrangements remain where additional cash contributions are contingent on whether individual schemes remain in deficit on a technical provision basis. The contingent payment for 2026 is £14 million. At the year-end, the Group continues to provide security of £798 million of letters of credit/ surety bonds to the Trustees enforceable in the unlikely event the Group is unable to meet its obligations.

On a pure roll-forward basis, from 31 March 2024, using the same methodology and consequent assumptions, the technical provisions deficit (funding basis) would be around £300 million on 31 December 2025. Note that the valuation methodology and assumptions used for future assessments may differ from those previously used.

23. Leases, commitments and contingencies
(a) Commitments and leases

Commitments are not held on the Group's Balance Sheet as these are executory arrangements, and relate to amounts that we are contractually required to pay in the future as long as the other party meets its contractual obligations.

The Group's commitments in relation to commodity purchase contracts disclosed below are stated net of amounts receivable under commodity sales contracts where there is a right of offset with the counterparty, and are based on the expected minimum quantities of gas and other commodities that the Group is contracted to buy at estimated future prices.

The commitments in this note differ in scope and in basis from the maturity analysis of energy derivatives disclosed in note S3, as only certain procurement and sales contracts are within the scope of IFRS 9 and included in note S3, and the volumes used in calculating the maturity analysis in note S3 are estimated using valuation techniques, rather than being based on minimum contractual quantities.

The Group's 20-year agreement with Cheniere to purchase 89bcf per annum of LNG volumes for export from the Sabine Pass liquefaction plant in the US commits the Group to capacity payments of £3.0 billion (included in 'LNG capacity' below) between 2024 and 2039. It also allows the Group to make up to £4.7 billion of commodity purchases based on market gas prices and foreign exchange rates as at the reporting date.

During 2019, the Group signed a 20-year agreement to purchase LNG volumes from Mozambique LNG1 Company. The commercial start date is 2029 and under this agreement the Group is committed to make commodity purchases expected to amount to £7.9 billion based on market gas and oil prices at the reporting date.

During 2023, the Group signed a 15-year agreement to purchase LNG volumes from Delfin LNG. The provisional commencement date is 2029 and under this agreement the Group is allowed to make commodity purchases expected to amount to £5.7 billion based on market gas prices at the reporting date.

During 2024, the Group signed a 3-year agreement to purchase LNG volumes from Repsol LNG Holding between 2025 and 2027. Under this agreement the Group is committed to make commodity purchases amounting to £281 million based on market gas prices and foreign exchange rates at the reporting date.

During 2025, the Group signed a 10-year agreement to purchase LNG volumes from PTT International Trading Pte Ltd. The provisional commencement date is 2028 and under this agreement the Group is allowed to make commodity purchases expected to amount to £1.2 billion based on market gas prices at the reporting date. The Group also signed a 10-year agreement to purchase natural gas volumes from Equinor. Under this agreement the Group is committed to make commodity purchases expected to amount to £11.2 billion based on market gas prices at the reporting date.

In 2024 and 2025 the Group signed a total of five natural gas sale and purchase agreements with US counterparties. These contracts are provisionally expected to commence in 2028 and 2029, each for a duration of 10 years. Under these agreements, the Group is committed to purchase natural gas amounting to £3.7 billion based on market gas prices and foreign exchange rates at the reporting date. These contracts are measured at fair value under IFRS 9 and presented as derivative financial instruments on the Group's Balance Sheet, and are also presented in notes 19 and S3. Due to the material nature of these long-term contracts, the cash outflow in respect of these purchase commitments is included below.

The Group has numerous renewable power purchase arrangements where renewable obligation certificates are purchased as power is produced. This gives rise to the commitments below.

31 December	2025 £m	2024 £m
Commitments in relation to the acquisition of property, plant and equipment	**65**	72
Commitments in relation to the acquisition of intangible assets:		
Renewable obligation certificates	**2,109**	2,786
Other intangible assets	**335**	261
Other commitments:		
Commodity purchase contracts	**36,364**	32,461
LNG capacity (i)	**5,445**	4,171
Transportation capacity	**182**	187
Other long-term commitments (ii) (iii)	**1,288**	328

(i) LNG capacity commitments include £243 million of commitments to Grain LNG Limited, a subsidiary of Garden Topco Limited. See note S8 for further details on related party transactions, and S10 for further details on joint ventures and associates.

(ii) Other long-term commitments include £902 million of commitments to invest in Sizewell C (Holding) Limited, comprising £812 million of shareholder loans and £90 million of equity injections. See note S8 for further details on related party transactions, and S10 for further details on joint ventures and associates.

(iii) Other long-term commitments include amounts related to executory contracts and the smart meter roll-out programme.

23. Leases, commitments and contingencies

The maturity analysis for commodity purchase contract commitments at 31 December is given below:

	Commodity purchase contract commitments			
	Fixed price commodity commitments		Commodity commitments that float with indices	
31 December	**2025 £bn**	2024 £bn	**2025 £bn**	2024 £bn
<1 year	**4.7**	5.3	**2.1**	4.6
1–2 years	**1.2**	0.9	**1.9**	1.3
2–3 years	**0.2**	0.2	**1.7**	0.9
3–4 years	**0.1**	—	**2.0**	0.6
4–5 years	**—**	—	**2.1**	1.3
>5 years	**—**	—	**20.4**	17.4
	6.2	6.4	**30.2**	26.1

The Group enters into lease arrangements for assets including property, vehicles, vessels and assets used within the Infrastructure business.

The carrying amount, additions and depreciation charge associated with right-of-use assets is disclosed in note 13 and the interest expense arising on the Group's lease liability is disclosed in note 8. The total Group cash outflow in the year for capital and interest from lease arrangements was £104 million (2024: £108 million), and the maturity analysis of cash flows associated with the Group's lease liability at the reporting date is shown in note S3.

The table below provides further information on amounts not included in the lease liability and charged to the Group Income Statement during the year.

Year ended 31 December	**2025 £m**	2024 £m
Expense related to short-term leases	**7**	37
Expense related to variable lease payments	**8**	9

During the year, the Group's expense related to short-term lease commitments predominantly related to the hire of LNG vessels and exploration and production drilling rigs. The commitment at the balance sheet date also relates to assets of a similar nature. The Group has £5 million of operating sub-lease arrangements mainly for LNG vessels. The Group does not have any material arrangements in which it acts as a lessor.

(b) Guarantees and indemnities

This section discloses any guarantees and indemnities that the Group has given, where we may have to provide security in the future against existing and future obligations that will remain for a specific period.

In connection with the Group's energy trading, transportation and infrastructure activities, certain Group companies have entered into contracts under which they may be required to prepay, provide credit support or provide other collateral in the event of a significant deterioration in creditworthiness. The extent of credit support is contingent upon the balance owing to the third party at the point of deterioration.

As at 31 December 2025 £406 million (2024: £401 million) of letters of credit and on-demand payment bonds have been issued in respect of decommissioning obligations included in the Group Balance Sheet. Additionally, £902 million (2024: £nil) of letters of credit have been issued in respect of commitments to invest in Sizewell C (Holding) Limited. See note 23(a) for further details on commitments.

(c) Contingent liabilities

The Group has no material contingent liabilities.

24. Other investments

Other investments include equity investments, where we do not have the ability to control or significantly influence the investment, and debt investments. Minority equity investments are measured at fair value with changes recognised in Other comprehensive income (FVOCI) or through the Group Income Statement (FVTPL). Convertible debt investments are measured at fair value with changes recognised through the Group Income Statement. Debt instruments are measured at amortised cost.

	2025					2024				
	Equity investments FVOCI £m	Equity investments FVTPL £m	Convertible debt investments FVTPL £m	Debt instruments amortised cost £m	Total £m	Equity investments FVOCI £m	Equity investments FVTPL £m	Convertible debt investments FVTPL £m	Debt instruments at amortised cost £m	Total £m
1 January	51	5	28	3	87	54	6	1	—	61
Conversion of debt to equity shares	—	2	(2)	—	—	—	—	—	—	—
Interest receivable	—	—	2	1	3	—	—	1	—	1
Additions (i) (ii)	5	—	15	25	45	27	—	26	3	56
Disposals	—	(3)	—	—	(3)	—	—	—	—	—
Transfers to disposal groups held for sale	—	(1)	—	—	(1)	—	—	—	—	—
Revaluation	(9)	—	—	—	(9)	(30)	—	—	—	(30)
Exchange adjustments	(1)	—	—	—	(1)	—	(1)	—	—	(1)
31 December	46	3	43	29	121	51	5	28	3	87

(i) Equity investment additions during 2025 of £5 million (2024: £27 million) comprise amounts invested into the Gresham House fund.

(ii) Convertible debt investment additions during 2025 included £15 million (2024: £25 million) in convertible loan notes and ordinary shares which the Group has invested in Highview Enterprises Limited, which is developing a new cryogenic energy storage plant. The Group also provided financing to CryoBattery One Limited, a subsidiary of Highview Enterprises Limited, in the form of a £45 million senior debt facility of which £28 million has been drawn down at 31 December 2025 (2024: £3 million) and is measured at amortised cost. When built, this will consist of a long duration storage process using patented Liquid Air Energy Storage (LAES) technology.

25. Sources of finance

(a) Capital structure

The Group seeks to maintain an efficient capital structure with a balance of debt and equity as shown in the table below:

31 December	2025 £m	2024 £m
Gross debt	2,892	2,974
Shareholders' equity	3,085	4,422
Capital	**5,977**	7,396

Debt levels are restricted to limit the risk of financial distress and, in particular, to maintain a strong credit profile. The Group's credit standing is important for several reasons: to maintain a low cost of debt, limit collateral requirements in energy trading, hedging and decommissioning security arrangements, and to ensure the Group is an attractive counterparty to energy producers and long-term customers.

The Group monitors its current and projected capital position on a regular basis, considering a medium-term view of at least three years, and different stress case scenarios, including the impact of changes in the Group's credit ratings and significant movements in commodity prices. A number of financial ratios are monitored, including those used by the credit rating agencies.

The level of debt that can be raised by the Group is restricted by the Company's Articles of Association. Borrowing is limited to the higher of £10 billion and a gearing ratio of three times shareholders' equity. The Group funds its long-term debt requirements through issuing bonds in the capital markets and taking bank debt. Short-term debt requirements are met primarily through commercial paper or short-term bank borrowings. The Group maintains substantial committed facilities and uses these to provide liquidity for general corporate purposes, including short-term business requirements and back-up for commercial paper.

British Gas Insurance Limited (BGIL) is required to hold a minimum capital amount under PRA regulations and has complied with this requirement since its inception. BGIL's capital risk appetite, which is approved by the board, exceeds the PRA capital requirements.

BGIL's capital management policy and plan are subject to review and approval by the BGIL board. Reporting processes provide relevant and timely capital information to management and the board. A medium-term capital management plan forms part of BGIL's planning and forecasting process, embedded into approved timelines, management reviews and board approvals.

25. Sources of finance

(b) Liquidity risk management and going concern

The Group has a number of treasury and risk policies to monitor and manage liquidity risk. Cash forecasts identifying the Group's liquidity requirements are produced regularly and are stress-tested for different scenarios, including, but not limited to, reasonably possible increases or decreases in commodity prices and the potential cash implications of a credit rating downgrade. The Group seeks to ensure that sufficient financial headroom exists for at least a twelve-month period to safeguard the Group's ability to continue as a going concern, and as at the reporting date, the analysis performed by the Group extends to 31 December 2028. It is the Group's policy to maintain committed facilities and/or available surplus cash resources of at least £1,500 million, raise at least 50% of its gross debt (excluding non-recourse debt) in the capital market and to maintain an average term to maturity in the recourse long-term debt portfolio greater than five years.

At 31 December 2025 the Group had undrawn committed credit facilities of £3,066 million (2024: £3,293 million) and £4,161 million (2024: £5,578 million) of unrestricted cash and cash equivalents, net of outstanding overdrafts. 80% (2024: 77%) of the Group's gross debt has been raised in the long-term debt market and the average term to maturity of the long-term debt portfolio was 9.8 years (2024: 9.6 years). The Group's liquidity is impacted by the cash posted or received under margin and collateral agreements. The terms and conditions of these agreements depend on the counterparty and the specific details of the transaction. Margin/collateral is generally posted or received to support energy trading and procurement activities. It is posted when contracts with marginable counterparties are out of the money and received when contracts are in the money. Cash is generally returned to the Group or by the Group within two days of trade settlement. At 31 December 2025 the collateral position was as follows:

31 December	**2025 £m**	2024 £m
Collateral (received)/posted included within:		
Trade and other payables	**(81)**	(162)
Trade and other receivables	**203**	191
Collateral (received)/posted extinguishing:		
Net derivative (assets)/liabilities (i)	**(61)**	76
Net collateral posted (ii)	**61**	105

(i) Variation margin on daily settled derivatives results in the extinguishment of the net derivative asset/liability. These contracts remain outstanding until a future delivery date, and therefore the cumulative daily settlement is considered collateral until that fulfilment date.
(ii) In-year movements of net collateral posted include a foreign exchange adjustment of £7 million credit (2024: £4 million debit).

The Group utilises initial margin waiver facilities to help manage its liquidity and working capital position in relation to derivative trading. For certain types of trade, initial margin is a requirement before entering into a transaction, as it provides credit assurance for the exchange. As initial margin is not a liability of the Group and is refundable, it is reflected as a margin asset on the Group's balance sheet. Accordingly, where counterparties waive any requirement to post initial margin, the Group has no liability.

The level of undrawn committed bank facilities and available cash resources has enabled the Directors to conclude that the Group has sufficient headroom to continue as a going concern. The statement of going concern is included in the Governance section – Other Statutory Information, on page 118.

25. Sources of finance
(c) Adjusted net cash/(debt) summary

Adjusted net cash/(debt) predominantly includes capital market borrowings offset by cash, securities and certain hedging financial instruments used to manage interest rate and foreign exchange movements on borrowings. Presented in the derivatives and current and non-current borrowings, leases and interest accruals columns shown below are the assets and liabilities that give rise to financing cash flows.

				Other assets and liabilities			
	Current and non-current borrowings, leases and interest accruals £m	Derivatives £m	Gross debt £m	Cash and cash equivalents, net of bank overdrafts (i) £m	Current and non-current securities (ii) £m	Sub-lease assets £m	Adjusted net cash/(debt) £m
Group adjusted net (debt)/cash at 1 January 2024	(3,289)	(119)	(3,408)	5,629	521	2	2,744
Cash outflow for purchase of securities	—	—	—	(19)	19	—	—
Cash inflow from settlement of securities	—	—	—	400	(400)	—	—
Cash outflow for payment of capital element of leases	97	—	97	(97)	—	—	—
Cash outflow for repayment of borrowings	842	15	857	(925)	—	—	(68)
Cash inflow from borrowings	(483)	—	(483)	483	—	—	—
Net cash flow from operating activities	—	—	—	1,149	—	—	1,149
Net cash flow from other investing activities (iii)	—	—	—	87	—	—	87
Cash outflow for share buyback programme (iv)	—	—	—	(499)	—	—	(499)
Net cash flow from other financing activities (iv)	—	—	—	(227)	—	—	(227)
Revaluation	13	(22)	(9)	—	5	—	(4)
Interest receivable on securities	—	—	—	—	19	—	19
Interest received on securities	—	—	—	25	(25)	—	—
Financing interest paid	171	76	247	(283)	—	—	(36)
Increase in interest payable and amortisation of borrowings, and impact of associated interest rate swaps	(168)	(57)	(225)	—	—	—	(225)
New lease agreements and re-measurement of existing lease liabilities	(53)	—	(53)	—	—	(2)	(55)
Exchange adjustments	3	—	3	(30)	—	—	(27)
Group adjusted net (debt)/cash at 31 December 2024	(2,867)	(107)	(2,974)	5,693	139	—	2,858
Transfers to disposal groups held for sale	19	—	19	—	—	—	19
Cash inflow from settlement of securities	—	—	—	57	(57)	—	—
Cash outflow for purchase of securities	—	—	—	(13)	13	—	—
Cash outflow for payment of capital element of leases	95	—	95	(95)	—	—	—
Cash outflow for repayment of borrowings	61	—	61	(61)	—	—	—
Cash inflow from borrowings	(13)	—	(13)	13	—	—	—
Net cash flow from operating activities	—	—	—	695	—	—	695
Net cash flow from other investing activities (iii)	—	—	—	(734)	—	—	(734)
Cash outflow for share buyback programme (iv)	—	—	—	(827)	—	—	(827)
Cash outflow from other financing activities (iv)	—	—	—	(246)	—	—	(246)
Revaluation	(37)	35	(2)	—	8	—	6
Interest receivable on securities	—	—	—	—	2	—	2
Financing interest paid	141	39	180	(181)	—	—	(1)
Increase in interest payable and amortisation of borrowings, and impact of associated interest rate swaps	(153)	(38)	(191)	—	—	—	(191)
New lease agreements and re-measurement of existing lease liabilities	(100)	—	(100)	—	—	—	(100)
Exchange adjustments	33	—	33	(29)	2	—	6
Group adjusted net (debt)/cash at 31 December 2025	**(2,821)**	**(71)**	**(2,892)**	**4,272**	**107**	**—**	**1,487**

(i) Cash and cash equivalents includes £111 million (2024: £115 million) of restricted cash. This includes cash totalling £nil (2024: £3 million) within the Spirit Energy business that is not restricted by regulation but is managed by Spirit Energy's own treasury department. Cash and cash equivalents are net of £35 million bank overdrafts (2024: £645 million).

(ii) Securities includes £48 million (2024: £31 million) of other loans receivable measured at amortised cost, as well as £49 million (2024: £73 million) of other debt instruments, and £10 million (2024: £35 million) of equity instruments, both measured at fair value.

(iii) Net cash flow from other investing activities excludes cash outflow relating to the purchase of securities of £13 million (2024: £19 million), cash inflow from the settlement of securities of £57 million (2024: £400 million), and interest received on securities of £nil (2024: £25 million) during the year.

(iv) Cash outflow of £827 million (2024: £499 million) relates to the share buyback programme, for which there is a liability of £14 million (2024: £75 million) recognised at 31 December 2025. See note S4 for further details on the share buyback programme. Cash outflow from other financing activities includes £237 million (2024: £219 million) payments of equity dividends and £9 million (2024: £8 million) payments for own shares.

25. Sources of finance

(d) Borrowings, leases and interest accruals summary

31 December	Coupon rate %	Principal m	2025 Current £m	2025 Non-current £m	2025 Total £m	2024 Current £m	2024 Non-current £m	2024 Total £m
Bank overdrafts			(35)	—	(35)	(645)	—	(645)
Bank loans (> 5 year maturity)			—	(114)	(114)	—	(124)	(124)
Other borrowings			(2)	(55)	(57)	(61)	(39)	(100)
Bonds (by maturity date):								
4 September 2026 (i)	6.400	£52	(51)	—	(51)	—	(50)	(50)
16 April 2027	5.900	US$70	—	(52)	(52)	—	(56)	(56)
13 March 2029 (i)	4.375	£552	—	(515)	(515)	—	(492)	(492)
5 January 2032 (ii)	Zero	€50	—	(77)	(77)	—	(70)	(70)
19 September 2033 (i)	7.000	£400	—	(328)	(328)	—	(319)	(319)
16 October 2043	5.375	US$367	—	(269)	(269)	—	(288)	(288)
12 September 2044 (i)	4.250	£550	—	(538)	(538)	—	(539)	(539)
25 September 2045	5.250	US$50	—	(37)	(37)	—	(39)	(39)
21 May 2055 (i) (iii)	6.500	£405	—	(407)	(407)	—	(401)	(401)
			(51)	(2,223)	(2,274)	—	(2,254)	(2,254)
Obligations under lease arrangements			(99)	(232)	(331)	(104)	(241)	(345)
Interest accruals			(45)	—	(45)	(44)	—	(44)
			(232)	(2,624)	(2,856)	(854)	(2,658)	(3,512)

(i) Bonds or portions of bonds maturing in 2026, 2029, 2033, 2044 and 2055 have been designated in a fair value hedge relationship. See note S5 for details of hedge relationships.

(ii) €50 million of zero coupon notes have an accrual yield of 4.2%, which will result in a €114 million repayment on maturity.

(iii) The Group has the right to repay at par on 21 May 2030 and every interest payment date thereafter.

26. Share capital

Ordinary share capital represents the total number of shares issued which are publicly traded. We also disclose the number of own and treasury shares the Company holds, which the Company has bought, principally as part of share buyback programmes.

Allotted and fully paid share capital of the Company

31 December	2025 £m	2024 £m
5,064,902,964 ordinary shares of $6^{14/81}$ pence each (2024: 5,568,107,214)	**313**	344

The closing price of one Centrica ordinary share on 31 December 2025 was 169.55 pence (2024: 133.60 pence). Centrica employee share ownership trusts purchase Centrica ordinary shares from the open market and receive treasury shares to satisfy future obligations of certain employee share schemes. The movements in own and treasury shares during the year are shown below:

	Own shares (i)		Treasury shares (i)	
	2025 million shares	2024 million shares	**2025 million shares**	2024 million shares
1 January	**83.3**	46.8	**476.8**	492.0
Shares purchased	**4.8**	6.8	**—**	—
Shares cancelled (ii)	**—**	—	**(503.2)**	(339.7)
Shares transferred from treasury and placed into trust	**18.4**	39.7	**(18.4)**	(39.7)
Shares released to employees on vesting	**(16.1)**	(10.0)	**(21.3)**	(21.2)
Share buyback programme (iii)	**—**	—	**520.4**	385.4
31 December (i)	**90.4**	83.3	**454.3**	476.8

(i) Own shares are shares held in trusts to meet employee share awards. Treasury shares are shares that have been purchased from the open market and have not been cancelled. The closing balance in the treasury and own shares reserves of own shares was £112 million (2024: £93 million) and treasury shares was £733 million (2024: £642 million), these are both held at weighted average cost.

(ii) During the period, the Group has cancelled 503,204,250 (2024: 339,738,924) ordinary shares that were being held as treasury shares. Share capital has been reduced by the nominal value of these shares of £31 million (2024: £21 million), and a corresponding amount has been credited to the capital redemption reserve. In addition, £681 million (2024: £400 million) has been transferred from treasury shares to retained earnings to account for the price paid for the shares when they were originally credited to treasury shares. This value has been calculated on a first-in-first-out basis.

(iii) See note S4 for further details of the share buyback programme.

27. Events after the balance sheet date

The Group updates disclosures in light of new information being received, or a significant event occurring, in the period between 31 December 2025 and the date of this report.

The Directors propose a final dividend of 3.67 pence per ordinary share for the year ended 31 December 2025 (which would total £169 million based on shareholding at that date). The dividend will be submitted for formal approval at the Annual General Meeting to be held on 7 May 2026 and, subject to approval, will be paid on 14 May 2026 to those shareholders registered on 10 April 2026.

The disposal of the Group's energy solutions businesses in Italy and the Netherlands to Joulz B.V. completed on 6 February 2026. See note 12(b) for further details.

Supplementary information

Supplementary information includes additional information and disclosures we are required to make by accounting standards or regulation.

S1. General information

Centrica plc (the Company) is a public company limited by shares, domiciled and incorporated in the UK, and registered in England and Wales. The address of the registered office is Millstream, Maidenhead Road, Windsor, Berkshire, SL4 5GD. The Company, together with its subsidiaries, comprise the 'Group'. The nature of the Group's operations and principal activities are set out in note 4(a) and on pages 1 to 57.

The consolidated Financial Statements of Centrica plc are presented in pounds sterling. Operations and transactions conducted in currencies other than pounds sterling are included in the consolidated Financial Statements in accordance with the foreign currencies accounting policy set out in note S2.

S2. Summary of material accounting policies

This section sets out the Group's material accounting policies in addition to the critical accounting policies applied in the preparation of these consolidated Financial Statements. Unless otherwise stated, these accounting policies have been consistently applied to the years presented.

Basis of consolidation

The Group Financial Statements consolidate the Financial Statements of the Company and entities controlled by the Company. Subsidiaries are all entities (including structured entities) over which the Group has control. Control is exercised over an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Transactions with non-controlling interests that relate to their ownership interests and do not result in a loss of control are accounted for as equity transactions.

The results of subsidiaries acquired or disposed of during the year are consolidated from the effective date of acquisition (at which point the Group gains control over a business as defined by IFRS 3, and applies the acquisition method to account for the transaction as a business combination) or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries, associates and joint ventures to align the accounting policies with those used by the Group.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a joint venture, associate or financial asset.

Segmental reporting

The Group's operating and reportable segments are reported in a manner consistent with the internal reporting provided to and regularly reviewed by the Group's Board for the purposes of evaluating segment performance and allocating resources (in accordance with IFRS 8 'Operating segments').

During the year the Group's reportable operating segments have been redefined to reflect the way the Board makes decisions about resources to be allocated to the segments and assess their performance. Information relating to the prior year has been restated in line with the new segmental structure.

Revenue

Energy supply to business and residential customers

The vast majority of contractual energy supply arrangements have no fixed duration, and require no minimum consumption by the customer. No enforceable rights and obligations exist at inception of the contract and arise only once the cooling off period is complete and the Group is the legal supplier of energy to the customer. The performance obligation is the supply of energy over the contractual term; the units of supply represent a series of distinct goods that are substantially the same with the same pattern of transfer to the customer. The performance obligation is considered to be satisfied over time as the customer consumes based on the units of energy delivered. In respect of energy supply contracts, the Group considers that it has the right to consideration from the customer for an amount that corresponds directly with the invoiced value delivered to the customer through their consumption. The Group's assessment of the amount that it has a right to invoice includes an assessment of energy supplied to customers between the date of the last meter reading and the year-end (known as unread revenue). Unread gas and electricity comprises both billed and unbilled revenue and is estimated through the billing systems, using historical consumption patterns, on a customer-by-customer basis, taking into account weather patterns, load forecasts and the differences between actual meter readings being returned and system estimates. Actual meter readings continue to be compared to system estimates between the balance sheet date and the finalisation of the accounts.

The Group holds a number of energy supply contracts that specify a minimum consumption volume over a specified contractual term. The transaction price for these contracts is the minimum supply volume multiplied by the contractually agreed price per unit of energy. Revenue from the sale of additional volumes is considered to be variable and not included in the transaction price. Revenue for these contracts continues to be recognised as invoiced.

In accordance with the disclosure requirements of IFRS 15, the Group applies the practical expedient available and therefore does not disclose information about the transaction price allocated to remaining performance obligations. This is on the basis that revenue for energy supply contracts is recognised based on the amount the Group has the right to invoice, which corresponds directly with the value of the Group's performance completed to date. The performance obligations to which this practical expedient applies primarily relate to usage-based contracts, under which the Group invoices customers at rates that reflect the value of energy transferred to date.

S2. Summary of material accounting policies

Energy services provided to business and residential customers

Energy services relate to the installation, repair and maintenance of central heating, ventilation and air conditioning systems.

Delivery of an item is considered a separate performance obligation to the installation of the item, both satisfied at a point in time. Delivery is the point at which control passes to the customer as the customer takes physical possession of the asset. It is also the point at which the Group has the right to consideration. Delivery and installation usually occur at the same point in time and consequently revenue is recognised for both performance obligations simultaneously. Repair and maintenance revenue is recognised at the point in time when the repair is complete.

Costs to obtain or fulfil a contract

Under IFRS 15 'Revenue from contracts with customers', the incremental costs of obtaining a contract are recognised as an asset if they are expected to be recovered. These costs include expenditures that would not have been incurred if the contract had not been secured and typically relate to sales commissions payable in relation to both Energy supply and Energy service contracts.

Costs to fulfil a contract are recognised as an asset where they are directly related to a contract and where they generate or enhance resources of the entity that will be used in satisfying the performance obligations. Costs must be expected to be recoverable. Assets relating to costs to obtain or fulfil a contract are amortised over the period of the contract. See note 17.

Sales of Liquefied Natural Gas (LNG)

Revenue arising from sales of LNG is recognised when control of the commodity passes to the counterparty, with each cargo representing a separate performance obligation satisfied at a point in time.

Sales of own gas and liquid production

Revenue arising from the sale of produced gas is recognised in a manner consistent with energy supply contracts with the revenue recognition profile reflecting the supply of gas to the customer.

The rights and obligations identifiable within a contract where the Group holds sellers' nomination rights are considered to be enforceable from inception of the contract. The transaction price for the contract will include variable consideration based on forecast production and market prices. Variable consideration is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative recognised revenue will not occur. The point at which the performance obligation is satisfied and revenue recognised is the point at which control of the commodity passes to the customer according to the contractual trading terms, usually on shipment or delivery to a specified location.

Energy sales to trading and energy procurement counterparties

Revenue arising from the sale of energy procured from generation asset owners to trading and energy procurement counterparties is also recognised in a manner consistent with energy supply contracts. There is a single performance obligation being the supply of energy over the contractual term at spot prices and revenue is recognised at the point at which energy is supplied to the counterparty in accordance with the contractual terms.

Revenue arising from contracts outside the scope of IFRS 15

Revenue from sources other than the Group's contracts with customers is recognised in accordance with the relevant standard, as detailed below:

Fixed-fee service and insurance contracts: revenue from these contracts is recognised in the Group Income Statement with regard to the incidence of risk over the life of the contract, reflecting the seasonal propensity of claims to be made under the contracts and the benefits receivable by the customer, which span the life of the contract as a result of emergency maintenance being available throughout the contract term.

Power generation: revenue is recognised under IFRS 9 where contracts to supply power are measured at fair value.

Cost of sales

Energy supply includes the cost of gas and electricity produced and purchased during the year for own-use contracts, taking into account the industry reconciliation process for total gas and total electricity usage by supplier and related transportation, distribution, royalty costs and bought-in materials and services.

Cost of sales relating to fixed-fee service and insurance contracts includes direct labour and related overheads on installation work, repairs and service contracts in the year.

Cost of sales relating to gas production includes depreciation of assets used in production of gas, royalty costs and direct labour costs.

Cost of sales within power generation businesses includes the depreciation of assets included in generating power, fuel purchase costs, direct labour costs, electricity generator levy charges and carbon emissions costs.

Re-measurement and settlement of energy contracts

Re-measurement and settlement of energy contracts includes both realised (settled) commodity sales and purchase contracts in the scope of IFRS 9, as well as unrealised (fair value changes) on active contracts, as detailed further in note 2.

Financing costs

Financing costs that arise in connection with the acquisition, construction or production of a qualifying asset are capitalised and subsequently amortised in line with the depreciation of the related asset. Financing costs not arising in connection with the acquisition, construction or production of a qualifying asset are expensed.

S2. Summary of material accounting policies

Foreign currencies

The consolidated Financial Statements are presented in pounds sterling, the functional currency of the Company and the Group's presentational currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency of the entity at the exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency of the relevant entity at the rate of exchange ruling at the balance sheet date and exchange movements included in the Group Income Statement for the period.

Non-monetary items that are measured at historical cost in a currency other than the functional currency of the entity concerned are translated using the exchange rate prevailing at the dates of the initial transaction.

For the purpose of presenting consolidated Financial Statements, the assets and liabilities of the Group's non-sterling functional currency subsidiary undertakings, joint ventures and associates are translated into pounds sterling at exchange rates prevailing at the balance sheet date. The monthly results of these (generally foreign) subsidiary undertakings, joint ventures and associates are translated into pounds sterling each month at the average rates of exchange for that month. The closing exchange rates, and the average of the rates used to translate the results of foreign operations to pounds sterling are shown below.

	Closing rate at 31 December		Average rate for the year ended 31 December	
Exchange rate per pounds sterling (£)	**2025**	2024	**2025**	2024
US dollars	**1.34**	1.25	**1.32**	1.28
Euro	**1.15**	1.21	**1.17**	1.18
Norwegian krone	**13.56**	14.24	**13.71**	13.75
Danish krone	**8.56**	9.02	**8.73**	8.81

Exchange adjustments arising from the retranslation of the opening net assets and results of non-sterling functional currency operations are transferred to the Group's foreign currency translation reserve, a separate component of equity, and are reported in other comprehensive income. In the event of the disposal of a non-sterling functional currency subsidiary, the cumulative translation difference arising in the foreign currency translation reserve is charged or credited to the Group Income Statement on disposal. Where the Group utilises net investment hedging, changes in the fair value of the hedging instrument are recognised in equity and remain there until the disposal of the specific, related investments, at which point the gains and losses are recycled to profit or loss.

Employee share schemes

The Group operates a number of employee share schemes, detailed in the Remuneration Report on pages 86 to 107, under which it makes equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant (excluding the effect of non-market-based vesting conditions). The fair value determined at the grant date is expensed on a straight-line basis together with a corresponding increase in equity over the vesting period, based on the Group's estimate of the number of awards that will vest, and adjusted for the effect of non-market-based vesting conditions.

The majority of the share-based payment charge arises from the Annual Incentive Plan. This scheme is applicable to senior executives, and senior and middle management. Shares issued under the scheme vest subject to continued employment within the Group in two stages (half after two years and the other half after three years). Employees leaving prior to the vesting date will normally forfeit their rights to unvested share awards. The fair value of the awards is measured using the market value at the date of grant.

More information is included in the Remuneration Report on pages 86 to 107.

S2. Summary of material accounting policies

Business combinations and goodwill

The acquisition of subsidiaries is accounted for using the acquisition method (at the point the Group gains control over a business as defined by IFRS 3). The cost of the acquisition is measured as the cash paid and the aggregate of the fair values, at the date of exchange, of other assets transferred, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement at the acquisition date.

Acquisition-related costs are expensed as incurred. The identifiable assets, liabilities and contingent liabilities are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5. The Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Goodwill arising on a business combination represents the excess of the consideration transferred, the amount of the non-controlling interests and the acquisition date fair value of any previously held interest in the acquiree over the Group's interest in the fair value of the identifiable net assets acquired. Goodwill arising on the acquisition of a stake in a joint venture or an associate represents the excess of the consideration transferred over the Group's interest in the fair value of the identifiable assets and liabilities of the investee at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. The goodwill arising on an investment in a joint venture or in an associate is not recognised separately, but is shown under 'Interests in joint ventures and associates' in the Group Balance Sheet. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the Group Income Statement.

Acquisitions of joint operations that meet the definition of a business as defined in IFRS 3 are accounted for as business combinations.

On disposal of a subsidiary, associate or joint venture entity, any amount of goodwill attributed to that entity is included in the determination of the profit or loss on disposal. A similar accounting treatment is applied on disposal of assets that represent a business.

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost.

Capitalisation begins when expenditure for the asset is being incurred and activities necessary to prepare the asset for use are in progress and 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. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised over their useful lives and are tested for impairment, as part of the CGU to which they relate where necessary, annually and whenever there is an indication that the asset could be impaired. The amortisation period and method for an intangible asset are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for on a prospective basis by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

Intangible assets are derecognised on disposal, or when no future economic benefits are expected from their use.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually, and whenever there is an indication that the intangible asset could be impaired, either individually or at the CGU level. The indefinite life assessment is reviewed annually and, if not supportable, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

The useful economic lives for the material categories of intangible assets are as follows:

Customer relationships and other contractual assets	Up to 20 years
Strategic identifiable acquired brands	Indefinite
Application software	Up to 15 years

Strategic identifiable acquired brands are deemed to have indefinite lives where evidence suggests that the brand will generate net cash inflows for the Group for an indefinite period.

Cloud computing arrangements

The Group has a number of contracts for Software as a Service (SaaS) and Platform as a Service (PaaS) Cloud Computing Arrangements. These contracts permit the Group to access vendor-hosted software and platform services over the term of the arrangement. The Group does not control the underlying assets in these arrangements and costs are expensed as incurred.

The Group also incurs implementation costs in respect of these contracts. Implementation costs are capitalised as intangible assets where costs meet the definition and recognition criteria of an intangible asset under IAS 38. Such costs typically relate to software coding which is capable of providing benefit to the Group on a standalone basis. Other implementation costs, primarily relating to the configuration and customisation of the Cloud software solution, are assessed to determine whether the implementation activity relating to these costs is distinct from the Cloud Arrangement, in which case costs are expensed as the activity occurs. If the configuration and customisation costs relate to activity which is integral to the Cloud Arrangement such that the activity is received over the term of the Cloud Arrangement, costs are recognised as a prepayment and expensed over the term of the Cloud Arrangement.

S2. Summary of material accounting policies

UK & EU Emissions Trading Scheme

Purchased carbon dioxide emissions allowances are recognised initially at cost (purchase price) within intangible assets. The liability is measured at the cost of purchased allowances up to the level of purchased allowances held, and then at the market price of allowances ruling at the balance sheet date, with movements in the liability recognised in operating profit.

The intangible asset is surrendered and the liability is extinguished at the end of the compliance period. Intangible assets expected to be surrendered within one year are shown as current assets and those expected to be surrendered after one year as non-current assets. No amortisation is charged up to the date of surrender as the cost and residual value of the intangible asset are deemed to be the same with no consumption of economic benefit. Forward contracts for the purchase or sale of carbon dioxide emissions allowances are measured at fair value with gains and losses arising from changes in fair value recognised in the Group Income Statement.

Renewable certificates

The Group purchases renewable certificates both on a standalone basis, and through Power Purchase Agreements. The main types of renewable certificates acquired are Renewable Energy Guarantees of Origin (REGOs) which are certificates issued by Ofgem certifying that electricity has been produced from renewable sources, Renewable Obligation Certificates (ROCs) which are issued to accredited generators for the eligible renewable electricity they generate and Guarantees of Origin (GoOs) which are the EU equivalent of REGOs. The Group uses renewable certificates to meet its obligations under a number of Ofgem schemes, namely the Feed-in Tariff (FIT), the Contracts for Difference (CFD), the Fuel Mix Disclosure (FMD) and the Renewables Obligation (RO) scheme.

Purchased renewable certificates are recognised initially at cost within intangible assets as an indefinite life asset. A liability for the RO is recognised based on the level of electricity supplied to customers, and is calculated in accordance with percentages set by the UK Government and the renewable obligation certificate buyout price for that period.

The intangible asset is surrendered and the liability is extinguished at the end of the compliance period to reflect the consumption of economic benefits. Any recycling benefit related to the submission of renewable obligation certificates is recognised in the Group Income Statement when received. The Group also recognises supplier obligations for CFD and FIT schemes; renewable certificates are used to offset these liabilities.

Cash flows relating to renewable obligation certificates and similar schemes are recognised within cash flows from operating activities.

Development and production assets

All field development costs are capitalised as PP&E. Such costs relate to the acquisition and installation of production facilities and include development drilling costs, project-related engineering and other technical services costs. PP&E, including rights and concessions related to production activities, is depreciated from the commencement of production in the fields concerned, using the unit of production method, based on all of the 2P reserves of those fields. Changes in these estimates are dealt with prospectively.

The net carrying value of fields in development and production is compared annually on a field-by-field basis with the likely discounted future net revenues to be derived from the remaining commercial reserves. An impairment loss is recognised where it is considered that recorded amounts are unlikely to be fully recovered from the net present value of future net revenues. Development and production assets are tested annually for impairment.

Interests in joint arrangements and associates

The Group's joint ventures and associates (as defined in note 6) are accounted for using the equity method.

The Group's investment in Sizewell C (Holding) Limited includes an interest held through ordinary shares and a shareholder loan advanced to the associate. Management considers the shareholder loan to form part of the Group's net investment in the associate, as settlement of the loan is not likely to occur in the foreseeable future. Accordingly, the shareholder loan is presented within investments in joint ventures and associates on the Group Balance Sheet, with the interest thereon presented within adjusted operating profit in the Group Income Statement as it reflects part of the return from this investment.

The Group's interests in joint operations (gas exploration and production licence arrangements) are accounted for by recognising its assets (including its share of assets held jointly), its liabilities (including its share of liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

Where the Group has an equity stake or a participating interest in operations governed by a joint arrangement for which it is acting as operator, an assessment is carried out to confirm whether the Group is acting as agent or principal. As the terms and conditions negotiated between business partners usually provide joint control to the parties over the relevant activities of the gas fields that are governed by joint arrangements, the Group is usually deemed to be an agent when it is appointed as operator and not as principal as the contracts entered into presents gross liabilities and gross receivables of joint operations (including amounts due to or from non-operating partners) in the Group Balance Sheet in accordance with the netting rules of IAS 32 'Financial instruments – presentation'.

Property, plant and equipment

PP&E is included in the Group Balance Sheet at cost, less accumulated depreciation and any provisions for impairment.

Subsequent expenditure in respect of items of PP&E, such as the replacement of major parts, major inspections or overhauls, are capitalised as part of the cost of the related asset where it is probable that future economic benefits will arise as a result of the expenditure and the cost can be reliably measured. All other subsequent expenditure is expensed as incurred.

S2. Summary of material accounting policies

Freehold land is not depreciated. Other PP&E, with the exception of infrastructure production assets, are depreciated on a straight-line basis at rates sufficient to write off the cost, less estimated residual values, of individual assets over their estimated useful lives. The depreciation periods for the material categories of assets are as follows:

Freehold and leasehold buildings	Up to 50 years
Plant	5 to 25 years
Equipment and vehicles	3 to 10 years
Power generation assets	Up to 40 years

The carrying values of PP&E are tested annually for impairment and are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Residual values and useful lives are reassessed annually and, if necessary, changes are accounted for prospectively.

Impairment assumptions

The Group tests the carrying amounts of goodwill, PP&E and intangible assets for impairment at least annually. Interests in joint ventures and associates are reviewed annually for indicators of impairment and tested for impairment where such an indicator arises. Where an asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. The recoverable amount is the higher of value in use (VIU) and fair value less costs of disposal (FVLCD).

At inception, goodwill is allocated to each of the Group's CGUs or groups of CGUs that expect to benefit from the business combination in which the goodwill arose. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. Any impairment is expensed immediately in the Group Income Statement. Any CGU impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU pro rata on the basis of the carrying amount of each asset in the CGU.

Further information on the assumptions used in the VIU calculations and FVLCD calculations that resulted in impairments during the year can be found in note 7.

VIU – Key assumptions used

Pre-tax cash flows used in the VIU calculations are derived from the Group's Board-approved business plans, and assumptions specific to the nature and life of the asset. The Group's business plans and assumptions are based on past experience and adjusted to reflect market trends, economic conditions and key risks. Commodity prices used in the planning process are based in part on observable market data and in part on estimates. Note S6 provides additional detail on the active period of each of the commodity markets in which the Group operates.

(a) VIU – Growth rates and discount rates

Unless stated otherwise in the table below, cash flows beyond the planned period have been extrapolated using long-term growth rates in the market where the CGU operates. Long-term growth rates are determined using a blend of publicly available historical data and long-term growth rate forecasts published by external analysts. Cash flows are discounted using a discount rate specific to each CGU. Discount rates reflect the current market assessments of the time value of money and are based on the estimated cost of capital of each CGU. Additionally, risks specific to the cash flows of the CGUs are reflected within cash flow forecasts. Each CGU's weighted average cost of capital is then adjusted to reflect the impact of tax in order to calculate an equivalent pre-tax discount rate.

Long-term growth rates and pre-tax discount rates used in the VIU calculations for each of the Group's CGUs are shown below.

2025	**Retail (supply and services) %**	**Optimisation %**	**MAP %**	**Gas generation %**	**Nuclear (excluding Sizewell C) (i) %**
Growth rate to perpetuity (including inflation)	**2.0**	**2.0**	**2.0**	**2.0**	**N/A**
Pre-tax discount rate	**12.0**	**12.7**	**8.7**	**10.7**	**13.6**

2024	Retail (supply and services) %	Optimisation %	MAP %	Gas generation %	Nuclear (i) %
Growth rate to perpetuity (including inflation)	2.0	2.0	n/a	2.0	N/A
Pre-tax discount rate	10.7	12.0	n/a	10.7	15.3

(i) Cash flows arising after the plan period have been derived from forecasts to the end of the asset lives. Due to the nature of these finite-lived assets, this provides a more appropriate valuation in later years.

S2. Summary of material accounting policies

(b) VIU – Inflation rates

Inflation rates used in the business plan were based on a blend of publicly available inflation forecasts and range from 2.0% to 2.1%.

(c) Key operating assumptions by CGUs using VIU

The key operating assumptions across all CGUs are gross margin, revenues and operating costs. These assumptions are tailored to the specific CGU using management's knowledge of the environment, as shown in the table below:

CGU	Gross margin	Revenues	Operating costs
All – base assumptions	Existing customers: based on contractual terms. Losses are forecast based on historic data and future expectations of the market. New customers and renewals: based on gross margins achieved in the period leading up to the date of the business plan. Both adjusted for current market conditions and cost of goods inflation. For Services businesses, future sales and related gross margins are based on planned future product sales and contract losses based upon past performance and future expectations of the competitive environment.	Existing customers: based on contractual terms. Losses are forecast based on historic data and future expectations of the market. Adjusted for: growth forecasts which are based on sales and marketing activity, recent customer acquisitions and the current economic environment in the relevant geography. Gas and electricity revenues based on forward market prices. Market share: percentage immediately prior to business plan.	Wages: projected headcount in line with expected efficiencies. Salary increases based on inflation expectations. Credit losses: historical assumptions regarding realised cash losses have been updated to reflect the current environment.
Optimisation	Existing and new markets: management's estimate of future trading performance.	As above.	Future development: increase in costs to support growth forecasts, adjusted for planned business process efficiencies.

S2. Summary of material accounting policies

Leases

The Group assesses its contractual arrangements to determine whether they are or contain leases based on whether they convey the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a 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 costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements 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. The liabilities for the majority of the Group's lease portfolio are calculated using the incremental borrowing rate. This rate is calculated on a lease-by-lease basis, taking into account the credit rating of the Group at the inception of the lease and the lease term. The credit adjustment used in this calculation is modified to reflect the security implicit in a lease arrangement based on the specific class of asset being leased.

Lease payments included in the measurement of the lease liability comprise: fixed payments (including in-substance fixed payments), variable lease payments that depend on an index or a rate (initially measured using the index or rate as at the commencement date), amounts expected to be payable under a residual value guarantee, the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early. When considering whether the Group is reasonably certain to exercise extension or termination options, various factors are considered, such as the level of lease payments relative to the market rate, the importance of the specific asset to the Group's operations and the period remaining until the option becomes exercisable. Such judgements are reconsidered when there is a significant event or change of circumstances that is within the control of the Group. Variable lease payments that do not depend on an index or rate are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, lease-term extension or termination option. Cash flows reflecting payment of capital and interest on leases are shown in cash flows from financing activities.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group recognises the lease payments associated with short-term leases (leases expiring within twelve months from commencement) and leases of low value assets (underlying asset value less than £5,000) on a straight-line basis over the lease term.

The Group holds interests in a number of joint operations within its exploration and production business. The Group has applied judgement in identifying the customer where a lease arrangement is to be used by a jointly controlled operation.

If the leased asset is dedicated to a specific joint operation and its usage is dictated by the joint operating agreement, the joint operation is deemed the customer. In such instances:

- When the Group signs a lease agreement on behalf of a joint operation and has primary responsibility for payments to the lessor, the Group recognises 100% of the lease liability and a right-of-use asset on its balance sheet. When the partner is obliged to reimburse the Group for its share of lease payments, a sub-lease receivable is recognised and an equal adjustment to the right-of-use asset is made; and
- When the partner has the primary responsibility for payments to the lessor and the Group is obliged to reimburse its share of the lease payments, a lease liability due to the partner and equal right-of-use asset are recognised.

If the leased asset is not dedicated to a specific joint operation or its usage is not dictated by the joint operating agreement of a joint operation to which it is dedicated, the signatory to the lease agreement is deemed the customer. If this is the Group, the lease liability and right-of-use asset are recognised in full. If it is the partner, no lease liability or right-of-use asset is recognised.

S2. Summary of material accounting policies

Inventories

Inventories of finished goods are valued at the lower of cost (using weighted-average cost) or estimated net realisable value after allowance for redundant and slow-moving items. The cost of inventories includes the purchase price plus costs of conversion incurred in bringing the inventories to their present location and condition.

Inventory of gas in storage held for the purpose of the Group's own use is measured on a weighted-average cost basis, whilst gas used for trading purposes is measured at fair value less any costs to sell. Changes in fair value less costs to sell are recognised in the Group Income Statement.

Government grants

Government grants are transfers of resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government assistance is designed to provide an economic benefit that is specific to an entity qualifying under certain criteria. The Group recognises government grants only when there is reasonable assurance that the Group will comply with the conditions attached to them and the grant will be received. Government grants are recognised in profit and loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants related to assets are deducted from the carrying amount of the asset.

Decommissioning costs

A provision is made for the net present value of the estimated cost of decommissioning gas production facilities at the end of the producing lives of fields, battery storage assets and power stations at the end of their useful lives, based on price levels and technology at the balance sheet date.

When this provision relates to an asset with sufficient future economic benefits, a decommissioning asset is recognised and included as part of the associated PP&E and depreciated accordingly. The asset is subject to impairment review as detailed above. Changes in estimates and discount rates are dealt with prospectively and reflected as an adjustment to the provision and corresponding decommissioning asset included within PP&E. The discount rate used to calculate the provision is 2% as discussed in note 3. The unwinding of the discount on the provision is included in the Group Income Statement within financing costs.

Pensions and other post-employment benefits

The Group operates a number of defined benefit and defined contribution pension schemes. The cost of providing benefits under the defined benefit schemes is determined separately for each scheme using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised in the period in which they occur in other comprehensive income.

The cost of providing retirement pensions and other benefits is charged to the Group Income Statement over the periods benefitting from employees' service. Past service cost is recognised immediately. Costs of administering the schemes are charged to the Group Income Statement. Net interest, being the change in the net defined benefit liability or asset due to the passage of time, is recognised in the Group Income Statement within net finance cost.

The net defined benefit liability or asset recognised in the Group Balance Sheet represents the present value of the defined benefit obligation of the schemes and the fair value of the schemes' assets. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits are paid, and that have terms of maturity approximating to the terms of the related pension liability.

Payments to defined contribution retirement benefit schemes are recognised in the Group Income Statement as they fall due.

S2. Summary of material accounting policies

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, that can be measured reliably, and it is probable that the Group will be required to settle that obligation. Provisions are discounted to present value where the effect is material.

Where discounting is used, the increase in the provision due to the passage of time is recognised in the Group Income Statement within interest expense. Onerous contract provisions are recognised where the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it. Contracts to purchase or sell energy are reviewed on a portfolio basis given the fungible nature of energy, whereby it is assumed that the highest priced purchase contract supplies the highest priced sales contract and the lowest priced sales contract is supplied by the lowest priced purchase contract.

Taxation

Current tax, including UK corporation tax, UK petroleum revenue tax and foreign tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. From time to time, the Group may have open tax issues with a number of revenue authorities. Where an outflow of funds is believed to be probable and a reliable estimate of the dispute can be made, management provides for its best estimate of the liability. These estimates take into account the specific circumstances of each dispute and relevant external advice as well as the rules and regulations of the relevant tax authority in the jurisdiction of the dispute. Often the Group is unable to predict whether an uncertain tax treatment will be accepted by the relevant authority. In such instances the effects of uncertainty are reflected in management's assessment of the most likely outcome of each issue, as reviewed and updated on a regular basis. Each item is considered separately and on a basis that provides the better prediction of the outcome, unless the Group determines that it is appropriate to group certain items for consideration. See note 9 for further details on uncertain tax provisions.

Deferred tax is recognised in respect of all temporary differences identified at the balance sheet date, except to the extent that the deferred tax arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit and loss. Temporary differences are differences between the carrying amount of the Group's assets and liabilities and their tax base.

Deferred tax liabilities may be offset against deferred tax assets within the same taxable entity or qualifying local tax group. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits, within the same jurisdiction, in the foreseeable future, against which the deductible temporary difference can be utilised.

Deferred tax is provided on temporary differences arising on subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Measurement of deferred tax liabilities and assets reflects the tax consequences expected from the manner in which the asset or liability is recovered or settled.

S2. Summary of material accounting policies

Financial instruments

Financial assets and financial liabilities are recognised in the Group Balance Sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Group no longer has the rights to cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

(a) Trade receivables

Trade receivables are initially recognised at a value based on their transaction price, and are subsequently held at amortised cost using the effective interest method (taking into account the Group's business model, which is to collect the contractual cash flows owing) less an allowance for impairment losses. Balances are written off when recoverability is assessed as being remote. If collection is expected in one year or less, receivables are classified as current assets. If not, they are presented as non-current assets.

(b) Trade payables

Trade payables are initially recognised at fair value, which is usually the original invoice amount and are subsequently held at amortised cost using the effective interest method. If payment is due within one year or less, payables are classified as current liabilities. If not, they are presented as non-current liabilities.

(c) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds received. Own equity instruments that are reacquired (treasury or own shares) are deducted from equity. No gain or loss is recognised in the Group Income Statement on the purchase, sale, issue or cancellation of the Group's own equity instruments.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions and money market deposits, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less. Money market funds are also included in cash and cash equivalents, and are required to be measured at fair value through profit or loss under IFRS 9, as noted in section (g) below. Cash and cash equivalents are presented net of outstanding bank overdrafts where there is a legal right of set off and, for the Group's cash pooling arrangements, to the extent the Group expects to settle its subsidiaries' year-end account balances on a net basis.

For the purpose of the Group Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(e) Interest-bearing loans and other borrowings

All interest-bearing loans and other borrowings with banks and similar institutions are initially recognised at fair value net of directly attributable transaction costs. After initial recognition, interest-bearing loans and other borrowings are subsequently measured at amortised cost using the effective interest method, except when they are hedged items in an effective fair value hedge relationship where the carrying value is also adjusted to reflect the fair value movements associated with the hedged risks. Such fair value movements are recognised in the Group Income Statement. Amortised cost is calculated by taking into account any issue costs, discount or premium.

(f) Financial instruments at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are equity instruments that the Group has elected to recognise the changes in fair value of in other comprehensive income. They are recognised initially at fair value in the Group Balance Sheet and are re-measured subsequently at fair value with gains and losses arising from changes in fair value recognised directly in equity and presented in other comprehensive income. Dividends arising on these financial assets are recognised in the Group Income Statement.

Cumulative gains and losses on equity instruments at fair value through other comprehensive income are not recycled to the Group Income Statement.

(g) Financial assets at fair value through profit or loss

Money market funds (which are classified as cash equivalents) are required to be measured at fair value through profit or loss under IFRS 9, as the assets are not held solely for the purpose of collecting contractual cash flows related to principal and interest. Both mandatory and designated instruments are measured at fair value on initial recognition and are re-measured to fair value in each subsequent reporting period. Gains and losses arising from changes in fair value are recognised in the Group Income Statement within investment income.

(h) Securities

The Group holds debt and equity securities predominantly in respect of the Centrica Unapproved Pension Scheme (see note 22). Debt securities are required to be measured at fair value through profit or loss under IFRS 9, as the contractual terms of these assets do not give rise to cash flows that are solely payments of principal and interest on the principal amounts outstanding. The changes in fair value are recognised in finance costs. The Group has elected to recognise the changes in fair value of the equity securities in other comprehensive income.

Securities also includes a loan made to a minority shareholder which is similarly recognised as a financial asset under IFRS 9 and measured at amortised cost.

S2. Summary of material accounting policies

(i) Other investments

Other investments includes convertible loan notes which are measured at fair value through profit or loss under IFRS 9, as these assets do not meet the contractual cash flows characteristic test; namely, contractual cash flows are not solely payments of principal and interest on principal outstanding. Gains or losses arising from changes in fair value are recognised in operating expenses. Financial assets held solely for the purpose of collecting contractual cash flows related to principal and interest are initially recognised at fair value and then subsequently measured at amortised cost.

Other investments also include equity investments which the Group accounts for under IFRS 9, because it does not have the ability to control, or significantly influence the investment. According to the requirements of IFRS 9, the Group may either measure these investments at fair value with value changes recognised in profit or loss, or it may elect to recognise those value changes in other comprehensive income. For the majority of the Group's other investments, fair value movements are recognised in other comprehensive income; this election is made separately for each investment made.

(j) Derivative financial instruments

The Group routinely enters into sale and purchase transactions for physical delivery of gas and power. A portion of these transactions take the form of contracts that were entered into and continue to be held for the purpose of receipt or delivery of the physical commodity in accordance with the Group's expected sale, purchase or usage requirements ('own use'), and are not within the scope of IFRS 9. The assessment of whether a contract is deemed to be 'own use' is conducted on a Group basis without reference to underlying book structures, business units or legal entities.

Certain purchase and sales contracts for the physical delivery of gas and power are within the scope of IFRS 9 due to the fact that they net settle or contain written options. Such contracts are accounted for as derivatives under IFRS 9 and are recognised in the Group Balance Sheet at fair value. Gains and losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the Group Income Statement for the year.

The Group uses a range of derivatives for both trading and to hedge exposures to financial risks, such as interest rates, foreign exchange and energy price risks, arising in the normal course of business. Where considered appropriate, the Group may use weather derivatives to protect against earnings volatility arising from unseasonal weather variations. The use of such derivatives did not have a material financial statement impact in 2025 or 2024. The use of derivative financial instruments is governed by the Group's policies which are approved by the Board of Directors. Further detail on the Group's risk management policies is included within the Strategic Report – Principal Risks and Uncertainties on pages 32 to 39 and in note S3.

The accounting treatment of derivatives is dependent on whether they are entered into for trading or hedging purposes. A derivative instrument is considered to be used for hedging purposes when it alters the risk profile of an underlying exposure of the Group in line with the Group's risk management policies and is in accordance with established guidelines. Certain derivative instruments used for hedging purposes are designated in hedge accounting relationships as described by IAS 39 (the Group has not applied the hedge accounting requirements of IFRS 9). In order to qualify for hedge accounting, the effectiveness of the hedge must be reliably measurable and documentation describing the formal hedging relationship must be prepared at the point of designation. The hedge must be highly effective in achieving its objective. The Group also holds derivatives that are used for hedging purposes which are not designated in hedge accounting relationships and are held for trading.

All derivatives are recognised at fair value on the date on which the derivative is entered into and are re-measured to fair value at each reporting date. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative assets and derivative liabilities are offset and presented on a net basis only when there is a currently enforceable legal right of set-off, and the intention to net settle the derivative contracts is present. The disclosure of current and non-current derivative assets and liabilities is determined by the settlement date of the derivative.

The Group enters into certain energy derivative contracts covering periods for which observable market data does not exist. The fair value of such derivatives is estimated by reference in part to published price quotations from active markets, to the extent that such observable market data exists, and in part by using valuation techniques, the inputs to which include data that is not based on or derived from observable markets. Where the fair value at initial recognition for such contracts differs from the transaction price, a fair value gain or fair value loss will arise. This is referred to as a day-one gain or day-one loss. Such gains and losses are deferred (not recognised) and amortised to the Group Income Statement based on volumes purchased or delivered over the contractual period until such time as observable market data becomes available. When observable market data becomes available, any remaining deferred day-one gains or losses are recognised within the Group Income Statement.

Recognition of the gains or losses resulting from changes in fair value depends on the purpose for issuing or holding the derivative. For derivatives that do not qualify for cash flow or net investment hedge accounting, any gains or losses arising from changes in fair value are taken directly to the Group Income Statement and are included within gross profit or investment income and financing costs. Where derivatives qualify for cash flow or net investment hedging, changes in fair value arising from the effective element of the hedge are recognised initially in the Group Statement of Comprehensive Income and are recycled to the Group Income Statement when the hedged item impacts profit or loss. Further details on the treatment of energy derivatives in the Group Income Statement is provided in note 2. Further detail on the treatment of derivatives in hedging relationships is provided in note S5.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not carried at fair value, with gains or losses reported in the Group Income Statement. The closely related nature of embedded derivatives is reassessed when there is a change in the terms of the contract that significantly modifies the future cash flows under the contract. Where a contract contains one or more embedded derivatives, and providing that the embedded derivative significantly modifies the cash flows under the contract, the option to fair value the entire contract may be taken and the contract will be recognised at fair value with changes in fair value recognised in the Group Income Statement. Gains and losses arising from changes in the fair value of energy derivative contracts are recognised within 'Re-measurement and settlement of energy contracts' in the Group's results for the period under IFRS.

S2. Summary of material accounting policies

(k) Hedge accounting

The Group continues to apply the hedge accounting requirements of IAS 39 and has not adopted IFRS 9 hedge accounting.

For the purposes of hedge accounting, hedges are classified as either fair value hedges or cash flow hedges. Note S5 details the Group's accounting policies in relation to derivatives qualifying for hedge accounting under IAS 39.

(l) Financial guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. The Group accounts for financial guarantee contracts under IFRS 9.

(m) Impairment of financial assets

In accordance with IFRS 9, the Group has applied the expected credit loss model to financial assets measured at amortised cost and to investments in debt instruments measured at fair value through other comprehensive income.

For trade receivables and contract assets the simplified approach is taken and the lifetime expected credit loss provided for.

For all other in-scope financial assets at the balance sheet date, either the lifetime expected credit loss or a 12-month expected credit loss is provided for, depending on the Group's assessment of whether the credit risk associated with the specific asset has increased significantly since initial recognition. As the Group's financial assets are predominantly short-term (less than twelve months), the impairment loss recognised is not materially different using either approach. Further details of the assumptions and inputs used to calculate expected credit losses are shown in note 17.

Nuclear activity

The Group has investments in Lake Acquisitions Limited ('Lake') and Sizewell C (Holding) Limited ('Sizewell C'). Both are accounted for as associates.

Sizewell C

The Group holds both a 15% equity interest in Sizewell C and is providing a shareholder loan to the investee, funded over the construction period. These are both classified within investments on the Group's balance sheet. See notes 3 and 14. The loan commitment is at a market rate of interest and cannot be net cash-settled, and hence is outside the scope of IFRS 9 with the exception of impairment requirements. Any expected credit loss, being the present value of the difference between the contractual cash flows due after draw down and the cash flows the Group expects to receive, will not be material.

Sizewell C itself is financed under the Nuclear Regulated Asset Base (RAB) financing model underpinned by the Nuclear Energy (Financing) Act 2022, whereby the project is subject to an economic regulatory framework that allows certain construction and financing costs to be recovered from consumers through regulated charges both prior to the commencement of operations, and during the generation phase. It is funded through the Nuclear RAB levy, charged to energy suppliers from 1 November 2025.

During the construction phase, Sizewell C expects to capitalise the cost of construction in accordance with IAS 16 'Property, Plant and Equipment'. The accounting RAB is initially measured at historic cost, including direct construction costs, capitalised borrowing costs and directly attributable development and project costs. It will subsequently be measured at amortised cost and depreciation will commence once the asset is operational. Therefore, the accounting RAB reflects actual incurred expenditure, not the value of future recoveries permitted by the regulator.

Conversely, the regulatory RAB is calculated under the regulated asset financing model and its purpose is to determine future permitted recoveries, rather than reflecting historical cost. The regulatory RAB is typically higher because it includes items such as capitalised financing returns, indexation and broader cost allowances including certain operating costs, regulatory adjustments and incentive mechanisms.

Under current IFRS, Sizewell C is expected to generate revenue, calculated with reference to the regulatory financing model, once operational and the Group will recognise its share of the investee's results at that time. Interest is earned on the shareholder loan at a rate of 9% over the course of the investment. Under the requirements of IAS 28 'Investments in Joint Ventures and Associates' the Group eliminates its 15% equity share of the gains realised on the shareholder loan, being the 9% interest earned, less the cost of providing the funding to the investee.

Lake

The following accounting policies are specific to the Lake associate:

(a) Fuel costs – nuclear front end

Front-end fuel costs consist of the costs of procurement of uranium, conversion and enrichment services, and fuel element fabrication. All costs are capitalised into inventory and charged to the Group Income Statement in proportion to the amount of fuel burnt.

(b) Fuel costs – nuclear back end

Advanced gas-cooled reactors (AGR)

Spent fuel extracted from the reactors is sent for reprocessing and/or long-term storage and eventual disposal of resulting waste products. Back-end fuel costs comprise of a loading-related cost per tonne of uranium and a rebate/surcharge to this cost which is dependent on the out-turn market electricity price and the amount of electricity generated from AGR stations in the year. These costs are capitalised into inventory and charged to the Group Income Statement in proportion to the amount of fuel burnt.

Pressurised water reactor (PWR)

Back-end fuel costs are based on wet storage in station ponds followed by dry storage and subsequent direct disposal of fuel. Back-end fuel costs are capitalised into inventory on loading and are charged to the Group Income Statement in proportion to the amount of fuel burnt.

S2. Summary of material accounting policies

(c) Nuclear PP&E – depreciation

The majority of the cost of the nuclear fleet is depreciated from the date of the Group acquiring its share of the fleet on a straight-line basis, with remaining depreciable periods currently of up to 30 years.

Other expenditure including amounts spent on major inspections and overhauls of production plant is depreciated over the period until the next outage which for AGR power stations is 2 to 3 years and for the PWR power station is 18 months.

(d) Nuclear Liabilities Fund (NLF) funding arrangements

Under the arrangements in place with the Secretary of State, the NLF will fund, subject to certain exceptions, qualifying uncontracted nuclear liabilities and qualifying decommissioning costs.

In part consideration for the assumption of these liabilities by the Secretary of State and the NLF, the former British Energy Group agreed to pay fixed decommissioning contributions each year and £150,000 (indexed to RPI) for every tonne of uranium in PWR fuel loaded into the Sizewell B reactor after the date of these arrangements.

(e) NLF and nuclear liabilities receivables

The UK Government indemnity is provided to indemnify any future shortfall on NLF funding of qualifying uncontracted nuclear liabilities (including PWR back-end fuel services) and qualifying nuclear decommissioning costs such that the receivable equals the present value of the associated qualifying nuclear liabilities (apart from a small timing difference due to timing of receipts from NLF).

(f) Nuclear liabilities

Nuclear liabilities represent provision for liabilities in respect of the costs of waste management of spent fuel and nuclear decommissioning.

(g) Unburnt fuels at shutdown

Due to the nature of the nuclear fuel process there will be quantities of unburnt fuel in the reactors at station closure. The costs relating to this unburnt fuel (final core) are fully provided for at the balance sheet date. The provision is based on a projected value per tonne of fuel remaining at closure, discounted back to the balance sheet date and recorded as a long-term liability.

S3. Financial risk management

The Group's normal operating, investing and financing activities expose it to a variety of financial risks: market risk (including commodity price risk, currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall financial risk management processes are designed to identify, manage and mitigate these risks.

Further detail on the Group's overall risk management processes is included within the Strategic Report – Principal Risks and Uncertainties on pages 32 to 39.

Commodity price risk management is carried out in accordance with individual business unit policies and directives including appropriate escalation routes.

Treasury risk management, including management of currency risk, interest rate risk and liquidity risk is carried out by a central Group Treasury function in accordance with the Group's financing and treasury policy, as approved by the Board.

The wholesale credit risks associated with commodity trading and treasury positions are managed in accordance with the Group's credit risk policy. Downstream customer credit risk management is carried out in accordance with appropriate Group-wide and individual business unit credit policies.

Market risk management

Market risk is the risk of loss that results from changes in market prices (commodity prices, foreign exchange rates and interest rates). The level of market risk to which the Group is exposed at a point in time varies depending on market conditions, expectations of future price or market rate movements and the composition of the Group's physical asset and contract portfolios.

(a) Commodity price risk management

The Group is exposed to commodity price risk in its energy procurement and supply activities, production, generation and trading operations and uses specific limits to manage the exposure to commodity prices associated with the Group's activities to an acceptable level. The Group has a risk capital limit approved by the Board to manage the commodity price risk that the Group is exposed to. These are complemented by other limits including Value at Risk (VaR), volumetric or stop-loss limits to control risk around trading activities.

(i) Energy price exposed business activities

The Group's price exposed business activities consist of equity gas and liquids production, equity power generation, bilateral procurement and sales contracts, market-traded purchase and sales contracts and derivative positions primarily transacted with the intent of securing gas and power for the Group's supply customers, from a variety of sources at an optimal cost. The Group actively manages commodity price risk by optimising its asset and contract portfolios and making use of volume flexibility.

The Group's commodity price risk exposure within its business activities is driven by the cost of procuring gas and electricity to serve its supply customers and selling gas and electricity from its infrastructure production and generation, which varies with wholesale commodity prices. The primary risk is that market prices for commodities will fluctuate between the time that sales prices are fixed or tariffs are set and the time at which the corresponding procurement cost is fixed, thereby potentially reducing expected margins or making sales unprofitable.

The Group's supply activities are also exposed to volumetric risk in the form of an uncertain consumption profile arising from a range of factors, including the weather, energy consumption changes, customer attrition and the economic climate. There is also risk associated with ensuring that there is sufficient commodity available to secure supply to customers. The Group's production and generation activities are also exposed to volumetric risk in the form of uncertain production profiles.

In order to manage the exposure to market prices associated with the Group's business operations the Group is delegated a risk capital limit, established by the Board and sub-delegated to the commercial leaders.

Risk capital is used to bring together the different individual market and credit risks from across the business in order to understand the diversified risk that the Group is exposed to. This is complemented by the Profit at Risk (PaR), VaR and credit limits that are then sub-delegated to the business to operate efficiently. PaR measures the estimated potential loss in a position or portfolio of positions associated with the movement of a commodity price for a given confidence level, over the remaining term of the position or contract. VaR measures the estimated potential loss for a given confidence level over a predetermined holding period. The standard confidence level used is 95%. In addition, regular stress and scenario tests are performed to evaluate the impact on the portfolio of possible substantial movements in commodity prices.

The Group measures and manages the commodity price risk associated with the Group's entire energy price exposed business portfolio. Only certain of the Group's energy contracts constitute financial instruments under IFRS 9 (see note S6).

As a result, while the Group manages the commodity price risk associated with both financial and non-financial energy procurement and sales contracts, it is the notional value of energy contracts being carried at fair value that represents the exposure of the Group's energy price exposed business activities to commodity price risk according to IFRS 7 'Financial Instruments: Disclosures'. This is because energy contracts that are financial instruments under IFRS 9 are accounted for on a fair value basis and changes in fair value immediately impact profit. Conversely, energy contracts that are not financial instruments under IFRS 9 are accounted for as executory contracts and changes in fair value do not immediately impact profit and, as such, are not exposed to commodity price risk as defined by IFRS 7. So, whilst VaR associated with energy procurement and supply contracts that are outside the scope of IFRS 9 are monitored for internal risk management purposes, only those energy contracts within the scope of IFRS 9 are within the scope of the IFRS 7 disclosure requirements.

S3. Financial risk management

(ii) Proprietary energy trading

The Group's proprietary energy trading activities consist of physical and financial commodity purchases and sales contracts taken on with the intent of benefitting from changes in market prices or differences between buying and selling prices. The Group conducts its trading activities in the over-the-counter market and through exchanges in the UK and continental Europe. The Group is exposed to commodity price risk as a result of its proprietary energy trading activities because the value of its trading assets and liabilities will fluctuate with changes in market prices for commodities.

The Group sets volumetric and VaR limits to manage the commodity price risk exposure associated with the Group's proprietary energy trading activities. VaR measures the estimated potential loss at a 95% confidence level over a one-day holding period. The carrying value of energy contracts used in proprietary energy trading activities at 31 December 2025 is disclosed in note 19.

As with any modelled risk measure, there are certain limitations that arise from the assumptions used in the VaR calculation. VaR assumes that historical price behaviours will continue in the future and that the Group's trading positions can be unwound or hedged within the predetermined holding period. Furthermore, the use of a 95% confidence level, by definition, does not take into account changes in value that might occur beyond this confidence level.

(b) Currency risk management

The Group is exposed to currency risk on foreign currency denominated forecast transactions, firm commitments, monetary assets and liabilities (transactional exposure) and on its net investments in foreign operations (translational exposure). IFRS 7 only requires disclosure of currency risk arising on financial instruments denominated in a currency other than the functional currency of the commercial operation transacting. As a result, for the purposes of IFRS 7, currency risk excludes items that are not financial instruments, such as the Group's net investments in international operations as well as foreign currency denominated forecast transactions and firm commitments.

(i) Transactional currency risk

The Group is exposed to transactional currency risk on transactions denominated in currencies other than the underlying functional currency of the commercial operation transacting. The primary functional currencies remain pounds sterling in the UK, Danish krone in Denmark, euros in the Netherlands and the Republic of Ireland and US dollars in the Group's LNG business. The risk is that the functional currency value of cash flows will vary as a result of movements in exchange rates. Transactional exposure arises from the Group's energy procurement, production and generation activities, where many transactions are denominated in foreign currencies. In addition, in order to optimise the cost of funding, the Group has, in certain cases, issued foreign currency denominated debt or entered into foreign currency loans, primarily in US dollars, euros and Japanese yen.

It is the Group's policy to hedge material transactional exposures using derivatives (either applying formal hedge accounting or economic hedge relationships) to fix the functional currency value of non-functional currency cash flows, except where there is an economic hedge inherent in the transaction. At 31 December 2025, there were no material unhedged non-functional currency monetary assets or liabilities, firm commitments or probable forecast transactions (2024: £nil), other than transactions which have an inherent economic hedge and foreign currency borrowings used to hedge translational exposures.

(ii) Translational currency risk

The Group is exposed to translational currency risk as a result of its overseas investments. The risk is that the pounds sterling value of the net assets of foreign operations will decrease with changes in foreign exchange rates. The Group's policy is to protect the pounds sterling book value of its net investments in foreign operations where appropriate, subject to certain parameters, by holding foreign currency debt, entering into foreign currency derivatives, or a mixture of both.

The Group manages translational currency risk taking into consideration the cash impact of any hedging activity as well as the risk to the net asset carrying values in the Group's Financial Statements. The translation hedging programme including the potential cash impact is managed by the Group Treasury function and monitored by the Chief Financial Officer.

(c) Interest rate risk management

In the normal course of business the Group borrows to finance its operations. The Group is exposed to interest rate risk because the fair value of fixed-rate borrowings and the cash flows associated with floating rate borrowings will fluctuate with changes in interest rates. The Group's policy is to manage the interest rate risk on long-term borrowings by ensuring the exposure to floating interest rates remains within a 30% to 70% range, including the impact of interest rate derivatives.

The return generated on the Group's cash balance is also exposed to movements in short-term interest rates. The Group manages cash balances to protect against adverse changes in rates whilst retaining liquidity.

S3. Financial risk management

(d) Sensitivity analysis

IFRS 7 requires disclosure of a sensitivity analysis that is intended to illustrate the sensitivity of the Group's financial position and performance to changes in market variables (commodity prices, foreign exchange rates and interest rates) as a result of changes in the fair value or cash flows associated with the Group's financial instruments. The sensitivity analysis provided discloses the effect on profit or loss and equity at 31 December 2025, assuming that a reasonably possible change in the relevant risk variable had occurred at 31 December 2025, and has been applied to the risk exposures in existence at that date to show the effects of reasonably possible changes in price on profit or loss and equity. Reasonably possible changes in market variables used in the sensitivity analysis are based on implied volatilities, where available, or historical data for energy prices and foreign exchange rates. Reasonably possible changes in interest rates are based on management judgement and historical experience.

The sensitivity analysis has been prepared based on 31 December 2025 balances and on the basis that the balances, the ratio of fixed to floating rates of debt and derivatives, the proportion of energy contracts that are financial instruments, the proportion of financial instruments in foreign currencies and the hedge designations in place at 31 December 2025 are all constant. Excluded from this analysis are all non-financial assets and liabilities and energy contracts that are not financial instruments under IFRS 9. The sensitivity to foreign exchange rates relates only to monetary assets and liabilities denominated in a currency other than the functional currency of the commercial operation transacting, and excludes the translation of the net assets of foreign operations to pounds sterling.

The sensitivity analysis provided is hypothetical only and should be used with caution as the impacts provided are not necessarily indicative of the actual impacts that would be experienced. This is because the Group's actual exposure to market rates is changing constantly as the Group's portfolio of commodity, debt and foreign currency contracts changes. Changes in fair values or cash flows based on a variation in a market variable cannot be extrapolated because the relationship between the change in market variable and the change in fair value or cash flows may not be linear. In addition, the effect of a change in a particular market variable on fair values or cash flows is calculated without considering interrelationships between the various market rates or mitigating actions that would be taken by the Group.

(i) Transactional currency risk

The Group has performed an analysis of the sensitivity of the Group's financial position and performance to changes in foreign exchange rates. The sensitivity analysis is performed upon the Group's foreign currency denominated monetary assets and monetary liabilities. At the reporting date, the exposure is driven primarily by the portfolio of foreign currency exchange derivatives held for trading under IFRS 9, which are hedging material transactional exposures as explained above in S3(b)(i). The Group deems 10% movements to US dollar and euro currency rates relative to pounds sterling to be reasonably possible.

The material impact of such movements on profit and equity, both after taxation, are as follows:

Incremental profit/(loss)	2025 Impact on profit £m	2024 Impact on profit £m
US dollar – increase/(decrease)	**174/(189)**	192/(212)
Euro – increase/(decrease)	**(78)/81**	(59)/59

All other currency sensitivities are not material.

(ii) Interest rate risk

The Group has performed an analysis of the sensitivity of the Group's financial position and performance to changes in interest rates. The Group deems a one percentage point move in UK, US and Euro interest rates to be reasonably possible. The impact of such movements on profit and equity, both after taxation, is immaterial.

(iii) Commodity price risk

The Group has performed a sensitivity analysis of the Group's commodity price risk. The financial assets and financial liabilities which are exposed to this risk are energy derivatives which are either for procurement/optimisation or proprietary trading. As explained above in S3(a)(i), the procurement/optimisation or 'non-proprietary' trades are hedging material commodity price exposures, whilst proprietary energy trading is explained in S3(a)(ii).

	2025			2024		
Energy prices	Active market base price (i)	Inactive market base price (ii)	Reasonably possible change in variable (iii) %	Active market base price (i)	Inactive market base price (ii)	Reasonably possible change in variable (iii) %
UK gas (p/therm)	**66**	**89**	**+/-25**	98	85	+/-32
European gas (€/MWh)	**26**	**32**	**+/-31**	39	33	+/-32
UK power (£/MWh)	**72**	**78**	**+/-34**	80	74	+/-39
UK emissions (€/tonne)	**85**	**n/a**	**+/-7**	66	n/a	+/-7
UK oil (US$/bbl)	**61**	**66**	**+/-55**	71	n/a	+/-46
North American gas (US cents/therm)	**38**	**46**	**+/-44**	38	38	+/-42
Japan Korea Marker (JKM) gas price (US$/MMBtu)	**9**	**11**	**+/-28**	12	n/a	+/-26

(i) The active market base price represents the average forward market price over the duration of the active market curve used in the sensitivity analysis provided.

(ii) The inactive market base price represents the average forward market price over the duration of the inactive market curve used in the sensitivity analysis provided. Inactive market base prices are not presented where there are no contracts in the illiquid period.

(iii) The reasonably possible change in variable is calculated using both the active and inactive market curves for energy prices.

S3. Financial risk management

The impacts of reasonably possible changes in commodity prices on profit applied to non-proprietary trades, both after taxation, based on the assumptions set out above are as follows:

Incremental profit/(loss)	2025 Impact on profit (i) £m	2024 Impact on profit (i) £m
UK gas price – increase/(decrease)	**109/(119)**	258/(265)
UK power price – increase/(decrease)	**201/(201)**	406/(411)
European gas price – (decrease)/increase	**(183)/184**	(146)/144
Other UK energy prices (oil and emissions) – increase/(decrease)	**94/(94)**	(49)/49
UK and European energy prices (combined) – increase/(decrease)	**221/(230)**	469/(483)
North American gas price – increase/(decrease)	**78/(77)**	44/(52)
JKM gas price – (decrease)/increase	**(30)/30**	(2)/2

(i) The impact on profit is calculated using both the active and inactive market curves for energy prices.

The impact on other comprehensive income of such price changes is immaterial.

(iv) Commodity price risk – proprietary trades

As at 31 December 2025 the VaR associated with proprietary trading was £3 million (2024: £6 million). This represents the statistical downside risk associated with the proprietary trade and associated hedging positions. The changes in the year only relate to changes in commodity prices. Intra-day trading positions are monitored using a live time risk management system. Proprietary trades are included in revenue in the business performance column of the Group Income Statement.

The impacts of reasonably possible changes using probability-based high and low gas and power price curves applied to Level 3 proprietary trades are as follows:

Incremental profit/(loss)	2025 Impact on profit (i) £m	2024 Impact on profit (i) £m
Level 3 proprietary trades – increase/(decrease) (ii)	**1/(1)**	72/(62)

(i) The reasonably possible change in variable and the impact on profit are calculated using both the active and inactive market curves for energy prices, see note 7(c) for detail on market curves.
(ii) The Level 3 proprietary financial instruments' sensitivity has been valued using one of the Group's valuation models, and excludes associated hedges which would mitigate this impact.

(v) Commodity price risk – other non-proprietary Level 3 trades

Unrealised non-proprietary Level 3 trades are reported within certain re-measurements and are subsequently reflected in business performance when realised, which is generally when the underlying transaction or asset impacts profit or loss. These derivatives are in respect of underlying contracts to purchase large volumes of commodity and are highly sensitive to changes in commodity prices. The impacts of reasonably possible changes using probability-based high and low gas and power price curves applied to other Level 3 non-proprietary trades are as follows:

Incremental profit/(loss)	2025 Impact on profit (i) £m	2024 Impact on profit (i) £m
Level 3 non-proprietary trades – increase/(decrease) (ii)	**(219)/208**	(182)/152

(i) The reasonably possible change in variable and the impact on profit are calculated using both the active and inactive market curves for energy prices.
(ii) The Level 3 non-proprietary financial instruments' sensitivity has been valued using one of the Group's valuation models, and excludes associated hedges or the underlying hedged transaction/asset which would offset this impact.

S3. Financial risk management

Credit risk management

Credit risk is the risk of loss associated with a counterparty's inability or failure to discharge its obligations under a contract.

The Group continually reviews its rating thresholds for relevant counterparty credit limits and updates these as necessary, based on a consistent set of principles. It continues to operate within its limits. In respect of trading activities for both the US and Europe, there is an effort to maintain a balance between exchange-based trading and bilateral transactions. This allows for a reasonable balance between counterparty credit risk and potential liquidity requirements. In addition, the Group actively manages the trade-off between credit and liquidity risks by optimising the use of contracts with collateral obligations and physically settled contracts without collateral obligations.

The Group is exposed to credit risk in its treasury, trading, energy procurement and downstream activities. The maximum exposure to credit risk for financial instruments at fair value is equal to their carrying value. Gross amounts are shown by counterparty credit rating in the table below. Further details of other collateral and credit security not offset against these amounts is shown in note S6.

	2025								
	Financial assets at amortised cost					Financial assets at fair value			
31 December	Receivables including treasury, trading and energy procurement counterparties (i) £m	Securities (ii) £m	Other investments £m	Investments in joint ventures and associates (iii) £m	Cash and cash equivalents £m	Cash and cash equivalents £m	Derivative financial instruments with positive fair values £m	Securities £m	Other investments £m
AAA to AA	**14**	**—**	**—**	**—**	**5**	**3,515**	**—**	**59**	**—**
AA- to A-	**506**	**—**	**—**	**—**	**710**	**—**	**337**	**—**	**—**
BBB+ to BBB-	**506**	**—**	**—**	**—**	**24**	**—**	**433**	**—**	**—**
BB+ to BB-	**93**	**—**	**—**	**—**	**23**	**—**	**58**	**—**	**—**
B+ or lower	**80**	**—**	**—**	**—**	**—**	**—**	**27**	**—**	**—**
Unrated (iv)	**5,031**	**48**	**29**	**343**	**30**	**—**	**21**	**—**	**92**
	6,230	**48**	**29**	**343**	**792**	**3,515**	**876**	**59**	**92**

	2024								
	Financial assets at amortised cost					Financial assets at fair value			
31 December	Receivables including treasury, trading and energy procurement counterparties (i) £m	Securities (ii) £m	Other investments £m	Investments in joint ventures and associates (iii) £m	Cash and cash equivalents £m	Cash and cash equivalents £m	Derivative financial instruments with positive fair values £m	Securities £m	Other investments £m
AAA to AA	—	—	—	—	—	5,002	—	108	—
AA- to A-	734	—	—	—	1,276	7	436	—	—
BBB+ to BBB-	819	—	—	—	9	—	580	—	—
BB+ to BB-	228	—	—	—	37	—	439	—	—
B+ or lower	83	—	—	—	1	—	65	—	—
Unrated (iv)	4,605	31	3	—	6	—	56	—	84
	6,469	31	3	—	1,329	5,009	1,576	108	84

(i) The Group holds a provision of £1,818 million (2024: £1,532 million) against receivables. The significant majority of this provision is held against amounts due from unrated counterparties. Further analysis of past due trade receivables may be found at note 17.

(ii) Securities held at amortised cost consist of other loans receivable of £48 million (2024: £31 million) – see note 25.

(iii) Investments in joint ventures and associates relates to the unrated shareholder loan of £343 million to Sizewell C (see note 14(a)). Sizewell C itself is financed under the Nuclear Regulated Asset Base (RAB) financing model underpinned by the Nuclear Energy (Financing) Act 2022, whereby the project is subject to an economic regulatory framework that allows certain construction and financing costs to be recovered from consumers through regulated charges both prior to the commencement of operations, and during the generation phase.

(iv) The unrated counterparty receivables primarily comprise amounts in respect of downstream customers, subsidiaries of rated entities, exchanges or clearing houses.

S3. Financial risk management

Details of how credit risk is managed across the asset categories are provided below:

(a) Treasury, trading and energy procurement activities

Wholesale counterparty credit exposures are monitored by individual counterparty and by category of credit rating, and are subject to approved limits. The Group uses master netting agreements to reduce credit risk and net settles payments with counterparties where net settlement provisions exist (see note S6 for details of amounts offset). In addition, the Group employs a variety of other methods to mitigate credit risk: margining, various forms of bank and parent company guarantees and letters of credit.

The vast majority of Group credit risk associated with its treasury, trading and energy procurement activities is with counterparties in related energy industries or financial institutions together with smaller exposures to commodity traders and small independent renewable producers. The impairment considerations of IFRS 9 are applicable to financial assets arising from treasury, trading and energy procurement activities that are carried at amortised cost and debt instruments that are carried at fair value through other comprehensive income (FVOCI). Debt instruments measured at FVOCI are not material for further disclosure.

Included in the table above within receivables including treasury, trading and energy procurement counterparties is £1,274 million (2024: £2,005 million) of treasury, trading and energy procurement assets. The Group's risk assessment procedures and counterparty selection process ensure that the credit risk on this type of financial asset is always low at initial recognition.

Included within the table above is information about the exposure to credit risk arising from only certain of the Group's energy procurement contracts – those in the scope of IFRS 9. Whilst the Group manages the credit risk associated with both financial and non-financial energy procurement contracts, it is the carrying value of financial assets within the scope of IFRS 9 that represents the maximum exposure to credit risk in accordance with IFRS 7.

(b) Trade receivables and contract assets

The simplified approach of measuring lifetime expected credit losses has been applied to trade receivables and contract asset balances, which are the focus of this disclosure. Therefore, consideration of the significance of any change in credit risk since initial recognition for the purpose of applying this model is not required for any material component of the receivables balance.

In the case of business customers, credit risk is managed by checking a company's creditworthiness and financial strength both before commencing trade and during the business relationship. For residential customers, creditworthiness is ascertained normally before commencing trade to determine the payment mechanism required to reduce credit risk to an acceptable level. Certain customers will only be accepted on a prepayment basis or with a security deposit. In some cases, an ageing of receivables is monitored and used to manage the exposure to credit risk associated with both business and residential customers. In other cases, credit risk is monitored and managed by grouping customers according to method of payment or profile.

Liquidity risk management and going concern

Liquidity risk is the risk that the Group is unable to meet its financial obligations as they fall due. The Group experiences significant movements in its liquidity position due primarily to the seasonal nature of its business and margin cash arrangements associated with certain wholesale commodity contracts. To mitigate this risk the Group maintains significant committed facilities and holds cash on deposit to ensure that there is sufficient liquidity headroom at all points in the seasonal trading cycle of the business. See note 25 for further information.

S3. Financial risk management

Maturity profiles

Maturities of derivative financial instruments, provisions, borrowings and leases are provided in the following tables (all amounts are remaining contractual undiscounted cash flows):

Due for payment 2025	<1 year £m	1 to 2 years £m	2 to 3 years £m	3 to 4 years £m	4 to 5 years £m	>5 years £m	Total £m
Energy and interest derivatives in a loss position that will be settled on a net basis (i)	**(149)**	**(49)**	**(33)**	**(12)**	**(9)**	**76**	**(176)**
Gross energy procurement contracts and other derivative buy trades carried at fair value	**(1,513)**	**(1,057)**	**(868)**	**(656)**	**(771)**	**(3,192)**	**(8,057)**
Foreign exchange derivatives that will be settled on a gross basis:							
Outflow	**(8,971)**	**(1,156)**	**(775)**	**(129)**	**(7)**	**—**	**(11,038)**
Inflow	**9,017**	**1,179**	**775**	**125**	**7**	**—**	**11,103**
Trade and other payables	**(4,528)**	**(116)**	**(10)**	**(4)**	**—**	**—**	**(4,658)**
Borrowings (bank loans, bonds, overdrafts and interest)	**(264)**	**(183)**	**(129)**	**(681)**	**(497)**	**(2,157)**	**(3,911)**
	(6,408)	**(1,382)**	**(1,040)**	**(1,357)**	**(1,277)**	**(5,273)**	**(16,737)**
Leases: (ii)							
Minimum lease payments	**(101)**	**(69)**	**(45)**	**(35)**	**(28)**	**(105)**	**(383)**
Capital elements of leases	**(99)**	**(57)**	**(38)**	**(29)**	**(23)**	**(85)**	**(331)**

Due for payment 2024	<1 year £m	1 to 2 years £m	2 to 3 years £m	3 to 4 years £m	4 to 5 years £m	>5 years £m	Total £m
Energy and interest derivatives in a loss position that will be settled on a net basis (i)	(126)	(31)	(20)	(17)	(17)	(30)	(241)
Gross energy procurement contracts and other derivative buy trades carried at fair value	(3,169)	(168)	(74)	(29)	(101)	(1,487)	(5,028)
Foreign exchange derivatives that will be settled on a gross basis:							
Outflow	(4,992)	(1,234)	(701)	—	—	—	(6,927)
Inflow	5,007	1,256	730	—	—	—	6,993
Trade and other payables	(5,466)	(142)	(25)	(6)	—	—	(5,639)
Borrowings (bank loans, bonds, overdrafts and interest)	(878)	(184)	(183)	(126)	(678)	(2,654)	(4,703)
	(9,624)	(503)	(273)	(178)	(796)	(4,171)	(15,545)
Leases: (ii)							
Minimum lease payments	(106)	(89)	(55)	(29)	(25)	(90)	(394)
Capital elements of leases	(104)	(78)	(48)	(24)	(21)	(70)	(345)

(i) Proprietary energy trades are excluded from this maturity analysis because these contracts are held for trading purposes and often net settled. The associated cash flows are expected to be equal to the contract fair value at the balance sheet date. See note 19 for further details.

(ii) The difference between the total minimum lease payments and the total capital elements of leases is due to future finance charges.

S4. Other equity

This section summarises the Group's other equity reserve movements.

	Cash flow hedging reserve £m	Foreign currency translation reserve £m	Actuarial gains and losses reserve £m	Financial asset at FVOCI reserve £m	Treasury and own shares reserve £m	Share-based payments reserve £m	Merger, capital redemption and other reserves £m	Total £m
1 January 2024	(12)	(170)	(1,812)	6	(650)	47	435	(2,156)
Actuarial losses on defined benefit pension schemes	—	—	(113)	—	—	—	—	(113)
Employee share schemes:								
Exercise of awards	—	—	—	—	27	(21)	—	6
Value of services provided	—	—	—	—	—	47	—	47
Purchase of own shares	—	—	—	—	(8)	—	—	(8)
Share buyback programme:								
Purchase of Treasury shares	—	—	—	—	(504)	—	—	(504)
Movement on accrual for committed share purchases	—	—	—	—	—	—	24	24
Shares cancelled in the year (note 26)	—	—	—	—	400	—	21	421
Impact of cash flow hedging	2	—	—	—	—	—	—	2
Share of other comprehensive gain of joint ventures and associates, net of taxation	—	—	38	—	—	—	—	38
Exchange differences on translation of foreign operations	—	(50)	—	—	—	—	—	(50)
Revaluation of other investments and securities measured at FVOCI	—	—	—	(27)	—	—	—	(27)
Taxation on above items	—	—	29	—	—	(4)	—	25
31 December 2024	(10)	(220)	(1,858)	(21)	(735)	69	480	(2,295)
Actuarial losses on defined benefit pension schemes	—	—	(429)	—	—	—	—	**(429)**
Employee share schemes:								
Exercise of awards	—	—	—	—	48	(29)	—	**19**
Value of services provided	—	—	—	—	—	56	—	**56**
Purchase of own shares	—	—	—	—	(9)	—	—	**(9)**
Share buyback programme:								
Purchase of Treasury shares	—	—	—	—	(827)	—	—	**(827)**
Movement on accrual for committed share purchases	—	—	—	—	—	—	57	**57**
Shares cancelled in the year (note 26)	—	—	—	—	681	—	31	**712**
Impact of cash flow hedging	(6)	—	—	—	—	—	—	**(6)**
Share of other comprehensive gain of joint ventures and associates, net of taxation	(8)	—	4	—	—	—	—	**(4)**
Exchange differences on translation of foreign operations	—	24	—	—	—	—	—	**24**
Exchange differences reclassified to Group Income Statement on disposal	—	2	—	—	—	—	—	**2**
Revaluation of other investments and securities measured at FVOCI	—	—	—	(4)	—	—	—	**(4)**
Taxation on above items	1	—	105	(1)	—	—	—	**105**
31 December 2025	**(23)**	**(194)**	**(2,178)**	**(26)**	**(842)**	**96**	**568**	**(2,599)**

S4. Other equity

Merger, capital redemption and other reserves

During February 1997, BG plc (formerly British Gas plc) demerged certain businesses (grouped together under GB Gas Holdings Limited (GBGH)) to form Centrica plc. Upon demerger, the share capital of GBGH was transferred to Centrica plc and was recorded at the nominal value of shares issued to BG plc shareholders. In accordance with the Companies Act 1985, no premium was recorded on the shares issued. On consolidation, the difference between the nominal value of the Company's shares issued and the amount of share capital and share premium of GBGH at the date of demerger was credited to a merger reserve.

On 8 December 2017, the Group's existing exploration and production business was combined with that of Bayerngas Norge AS to form the Spirit Energy business. The Group acquired 69% of the Spirit Energy business and Bayerngas Norge's former shareholders acquired 31%. The non-controlling interest established on acquisition has been based on its share of the carrying value of the combined business, with the other reserve representing the difference between the fair value and this carrying value.

In accordance with the Companies Act, the Company has transferred to the capital redemption reserve an amount equal to the nominal value of shares repurchased and subsequently cancelled. As at 31 December 2025 the cumulative nominal value of shares repurchased and subsequently cancelled was £80 million (2024: £49 million).

At the year-end, the Group has recognised a financial liability of £14 million (2024: £75 million) relating to the share buyback programme. See Treasury and own shares reserve section for more details.

Treasury and own shares reserve

The own shares reserve reflects the cost of shares in the Group held in the Centrica employee share ownership trusts to meet the future requirements of the Group's share-based payment plans.

Treasury shares are acquired equity instruments of the Company.

The Group has continued with its share buyback programme during 2025. The £230 million tranche which was underway at the 2024 year-end concluded in February 2025. Once this completed, a further tranche of £270 million, announced in December 2024, began in March 2025 and completed in June 2025.

In February 2025, a further £500 million extension was announced, split into two tranches of £250 million each. The first of these tranches began in June 2025 and was completed in September 2025. The second tranche began in September 2025 and was underway at the year end date.

Once complete, this will take the total value of shares repurchased under the current programme to £2 billion.

During the year ended 31 December 2025, the Group purchased 520 million ordinary shares, representing approximately 10.3% of the issued ordinary share capital at 31 December 2025, at an average price of 159.0 pence per share, and an aggregate cost of £827 million under the share buyback programme. The associated cash outflow is £827 million.

The Group has determined that the terms and conditions of the tranche ongoing at the year end date, mean that, at 31 December 2025, it was unable to cancel the obligation arising under the contract signed. Accordingly, a financial liability of £14 million was recognised at 31 December 2025 representing the difference between purchases paid for to date under the current tranche, and the maximum potential repurchase under the contract of £250 million.

The monthly breakdown of all shares purchased and the average price paid per share (excluding expenses) in relation to the financial liability of £68 million recognised at 31 December 2024 were as follows:

Period	Number of shares purchased under share buyback programme	Average price paid Pence	Total cost £m	Authorised purchases unutilised at month end £m
January 2025	26,826,326	137.9	37	31
February 2025	21,544,046	143.9	31	—
Total	**48,370,372**	**140.6**	**68**	**—**

The monthly breakdown of all shares purchased and the average price paid per share (excluding expenses) in relation to the £270 million programme which ran from March 2025 to June 2025 were as follows:

Period	Number of shares purchased under share buyback programme	Average price paid Pence	Total cost £m	Authorised purchases unutilised at month end £m
March 2025	29,062,088	148.0	43	227
April 2025	24,639,633	150.2	37	190
May 2025	78,712,497	153.7	121	69
June 2025	43,054,114	160.3	69	—
Total	**175,468,332**	**153.9**	**270**	**—**

S4. Other equity

The monthly breakdown of all shares purchased and the average price paid per share (excluding expenses) in relation to the £250 million programme which ran from June 2025 to September 2025 were as follows:

Period	Number of shares purchased under share buyback programme	Average price paid Pence	Total cost £m	Authorised purchases unutilised at month end £m
June 2025	27,827,440	165.3	46	204
July 2025	49,444,362	158.2	78	126
August 2025	32,482,724	164.7	54	72
September 2025	45,636,106	158.4	72	–
Total	**155,390,632**	**160.9**	**250**	**–**

The monthly breakdown of all shares purchased and the average price paid per share (excluding expenses) in relation to the further £250 million programme for the year ended 31 December 2025 were as follows. This includes £3 million relating to shares committed to being purchased at 31 December 2025 but not yet settled.

Period	Number of shares purchased under share buyback programme	Average price paid Pence	Total cost £m	Authorised purchases unutilised at month end £m
September 2025	13,785,920	166.8	23	227
October 2025	39,497,073	173.0	67	160
November 2025	49,899,005	169.8	85	75
December 2025	38,032,439	167.6	64	11
Total	**141,214,437**	**169.2**	**239**	**11**

S5. Hedge accounting

The Group primarily applies hedge accounting to address interest rate and foreign currency risk on borrowings. For the purposes of hedge accounting, hedges are classified either as fair value hedges or cash flow hedges.

The fair values of derivatives and primary financial instruments in hedge accounting relationships at 31 December were as follows:

		2025			2024		
31 December	Hedge	**Assets £m**	**Liabilities £m**	**Change in fair value £m**	Assets £m	Liabilities £m	Change in fair value £m
Interest rate risk	Fair value	**—**	**(95)**	**40**	—	(134)	(14)
Foreign exchange risk	Cash flow hedge	**38**	**(16)**	**(5)**	32	(6)	(8)

2025	Hedge	**Timing of nominal amount**	**Average rate**	**Nominal value**	**Hedged item**	**Change in fair value of hedged item in year £m**	**Cumulative amount of fair value hedge adjustments on hedged item £m**	**Accumulated gains/(losses) in equity (i) £m**
Interest rate risk	Fair value	**2026-2033**	**Fixed to floating at Fallback LIBOR/SONIA + 2%-5%**	**£50 million-£550 million**	**Bonds (ii)**	**(37)**	**100**	**N/A**
Foreign exchange risk	Cash flow hedge	**2032**	**GBP to euro at 1.171**	**€50 million**	**Euro bonds**	**(4)**	**N/A**	**5**
	Cash flow hedge	**2036-2038**	**GBP to yen at 198.86**	**¥20 billion**	**Yen bank loans**	**6**	**N/A**	**(22)**

2024	Hedge	Timing of nominal amount	Average rate	Nominal value	Hedged item	Change in fair value of hedged item in year £m	Cumulative amount of fair value hedge adjustments on hedged item £m	Accumulated gains/(losses) in equity (i) £m
Interest rate risk	Fair value	2026-2033	Fixed to floating at Fallback LIBOR/SONIA + 2%-5%	£50 million-£550 million	Bonds (ii)	13	136	N/A
Foreign exchange risk	Cash flow hedge	2032	GBP to euro at 1.171	€50 million	Euro bonds	3	N/A	5
	Cash flow hedge	2036-2038	GBP to yen at 192.81	¥20 billion	Yen bank loans	7	N/A	(20)

(i) In the years presented all amounts related to continuing cash flow hedge relationships.
(ii) The carrying amount of bonds designated as hedged items in hedging relationships is disclosed in note 25.

S5. Hedge accounting

The Group's accounting policies in relation to derivatives qualifying for hedge accounting under IAS 39 are described below.

Fair value hedges

A derivative is designated as a hedging instrument and its relationship to a recognised asset or liability is classified as a fair value hedge when it hedges the exposure to changes in the fair value of that recognised asset or liability. The Group's fair value hedges consist of interest rate swaps used to protect against changes in the fair value of fixed-rate, long-term debt due to movements in market interest rates. Any gain or loss from re-measuring the hedging instrument to fair value is recognised immediately in the Group Income Statement in net finance cost. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognised in the Group Income Statement within net finance cost. The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer qualifies for hedge accounting or the Group revokes the designation. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to the Group Income Statement. Amortisation may begin as soon as an adjustment exists and begins no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

Cash flow hedges

A derivative is classified as a cash flow hedge when it hedges exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset, liability or a highly probable forecast transaction. The Group's cash flow hedges consist primarily of:

- Forward foreign exchange contracts used to protect against the variability of functional currency denominated cash flows associated with non-functional currency denominated highly probable forecast transactions; and
- Cross-currency interest rate swaps and forward foreign exchange contracts used to protect against the variability in cash flows associated with borrowings denominated in non-functional currencies.

The portion of the gain or loss on the hedging instrument which is effective is recognised directly in equity while any ineffectiveness is recognised in the Group Income Statement. The Group does not have any material sources of ineffectiveness. The gains or losses that are initially recognised in the cash flow hedging reserve through other comprehensive income are transferred to the Group Income Statement in the period in which the hedged item affects profit or loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, no longer qualifies for hedge accounting or the Group revokes the designation. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity remains in equity until the hedged transaction occurs. If the transaction is no longer expected to occur, the cumulative gain or loss recognised in equity is recognised in the Group Income Statement. Note S4 details movements in the cash flow hedging reserve.

S6. Fair value of financial instruments

The fair value of a financial instrument 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 has documented internal policies for determining fair value, including methodologies used to establish valuation adjustments required for credit risk.

(a) Fair value hierarchy

Financial assets and financial liabilities measured and held at fair value are classified into one of three categories, known as hierarchy levels, which are defined according to the inputs used to measure fair value as follows:

- Level 1: fair value is determined using observable inputs that reflect unadjusted quoted market prices for identical assets and liabilities;
- Level 2: fair value is determined using significant inputs that may be directly observable inputs or unobservable inputs that are corroborated by market data; and
- Level 3: fair value is determined using significant unobservable inputs that are not corroborated by market data and may be used with internally developed methodologies that result in management's best estimate of fair value.

	2025				2024			
31 December	Level 1 £m	Level 2 £m	Level 3 £m	**Total £m**	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets								
Derivative financial instruments:								
Energy derivatives	—	718	80	**798**	—	1,252	164	1,416
Foreign exchange derivatives	—	78	—	**78**	—	160	—	160
Debt instruments	49	—	43	**92**	73	—	28	101
Equity instruments	10	—	49	**59**	35	—	56	91
Cash and cash equivalents	—	3,515	—	**3,515**	—	5,009	—	5,009
Total financial assets at fair value	**59**	**4,311**	**172**	**4,542**	108	6,421	248	6,777
Financial liabilities								
Derivative financial instruments:								
Energy derivatives	—	(679)	(140)	**(819)**	—	(1,033)	(131)	(1,164)
Interest rate derivatives	—	(95)	—	**(95)**	—	(134)	—	(134)
Foreign exchange derivatives	—	(122)	—	**(122)**	—	(89)	—	(89)
Contingent consideration payable	—	—	(109)	**(109)**	—	—	(100)	(100)
Total financial liabilities at fair value	**—**	**(896)**	**(249)**	**(1,145)**	—	(1,256)	(231)	(1,487)

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

	2025		2024	
	Financial assets £m	**Financial liabilities £m**	Financial assets £m	Financial liabilities £m
Level 3 financial instruments				
1 January	**248**	**(231)**	217	(395)
Total realised and unrealised (losses)/gains:				
Recognised in Group Income Statement	**(26)**	**(60)**	95	45
Recognised in Other Comprehensive Income	**(9)**	**—**	(30)	—
Net movement in contingent consideration liability	**—**	**(9)**	—	23
Purchase of other investments (note 24)	**20**	**—**	53	—
Settlements	**(64)**	**54**	(72)	100
Transfers between Level 3 and Level 2 (i)	**3**	**(2)**	(15)	(3)
Foreign exchange movements	**—**	**(1)**	—	(1)
31 December	**172**	**(249)**	248	(231)
Total (losses)/gains for the period for Level 3 financial instruments held at the end of the reporting period	**(26)**	**(60)**	95	45

(i) Transfers between levels are deemed to occur at the beginning of the reporting year.

S6. Fair value of financial instruments

(b) Valuation techniques used to derive Level 2 and Level 3 fair values and Group valuation process

Level 2 interest rate derivatives and foreign exchange derivatives comprise interest rate swaps and forward foreign exchange contracts. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves. Forward foreign exchange contracts are fair valued using forward exchange rates that are quoted in an active market, with the resulting market value discounted back to present value using observable yield curves.

Level 2 energy derivatives are fair valued by comparing and discounting the difference between the expected contractual cash flows for the relevant commodities and the quoted prices for those commodities in an active market. The average discount rate applied to value this type of contract during the year was 4% per annum (2024: average discount rate of 5% per annum).

For Level 3 energy derivatives, the main input used by the Group pertains to deriving expected future commodity prices in markets that are not active as far into the future as some of our contractual terms. This applies to certain contracts within Europe and North America. Fair values are then calculated by comparing and discounting the difference between the expected contractual cash flows and these derived future prices using an average discount rate of 4% (Europe) and 3% (North America) per annum (2024: average discount rate of 5% (Europe) and 5% (North America) per annum).

Active period of markets	Gas	Power	Coal	Emissions	Oil
UK (years)	**4**	**4**	**3**	**3**	**4**

Because the Level 3 energy derivative valuations involve the prediction of future commodity market prices, sometimes a long way into the future, reasonably possible alternative assumptions for gas, power, coal, emissions or oil prices may result in a higher or lower fair value for Level 3 financial instruments. The impact of reasonably possible changes in commodity prices on profit and loss are included in note S3. Other than commodity prices, there are no other unobservable inputs which would have a material impact.

It should be noted that the fair values disclosed in the tables above only concern those contracts entered into that are within the scope of IFRS 9. The Group has numerous other commodity contracts that are outside of the scope of IFRS 9 and are not fair valued. The Group's actual exposure to market rates is constantly changing as the Group's portfolio of energy contracts changes.

The Group's valuation process includes specific teams of individuals that perform valuations of the Group's derivatives for financial reporting purposes, including Level 3 valuations. The Group has an independent team that derives future commodity price curves based on available external data and these prices feed into the energy derivative valuations, subject to adjustments, to ensure they are compliant with IFRS 13 'Fair Value Measurement'. The price curves are subject to review and approval by the Group's Executive Committee and valuations of all derivatives, together with other contracts that are not within the scope of IFRS 9, are also reviewed regularly as part of the overall risk management process. The Group adjusts the market value of derivative instruments to account for counterparty credit risk and corresponding possibility of a counterparty default preventing full realisation of the risk-free market value of the derivative. The Group estimates Credit Valuation Adjustments by computing an expected evolution of the market value of a counterpart's derivatives portfolio over the life of the contracts weighted by the probability of a default and an assumption of the market value recoverable in the event of a default. The default probability is calibrated to the price of Credit Default Swaps – a debt instrument reflecting the insurance premium payable to protect against a debtor's default. Debit valuation adjustments are the amount added back to the derivative value to account for the expected gain from the Group's own default and are calculated using a similar methodology with reference to the Group's own probability of default.

Where the fair value at initial recognition for contracts which have significant unobservable inputs and the fair value differs from the transaction price, a day-one gain or loss will arise. These deferred gains are presented net against respective derivative assets and derivative liabilities. Such gains and losses are deferred and amortised to the Group Income Statement based on volumes purchased or delivered over the contractual period until such time as observable market data becomes available (see note S2 for further detail). The amount that has yet to be recognised in the Group Income Statement relating to the differences between the transaction prices and the amounts that would have arisen had valuation techniques used for subsequent measurement been applied at initial recognition, less subsequent releases, is as follows:

Day-one gains deferred	**2025 £m**	2024 £m
1 January	**110**	142
Net (losses)/gains deferred on transactions in the period	**(10)**	10
Net amounts recognised in Group Income Statement	**(45)**	(37)
Exchange differences	**3**	(5)
31 December	**58**	110

Level 3 debt and equity financial instruments are measured at fair value in accordance with IFRS 13. These fair value measurements reflect the assumptions that market participants would use when pricing the asset based on an exit price concept. The fair value of investments in debt securities is determined using discounted cash flow techniques. The discount rates are derived from market observable interest rates adjusted by a credit spread applicable to the particular instrument. Unlisted equity instruments are valued using an income approach. The estimated future cash flows, usually based on management forecasts of future economic benefits to be derived from the ownership of these investees, are discounted using rates appropriate to the specific investment, business sector or recent economic rates of return. Recent transactions involving the sale of similar businesses may sometimes be used as a frame of reference in deriving an appropriate multiple.

S6. Fair value of financial instruments

(c) Fair value of financial assets and liabilities held at amortised cost

The carrying value of the Group's financial assets and liabilities measured at amortised cost are approximately equal to their fair value except as listed below:

31 December		Notes	2025 Carrying value £m	2025 Fair value £m	2025 Fair value hierarchy	2024 Carrying value £m	2024 Fair value £m	2024 Fair value hierarchy
Bonds	Level 1	25	(2,197)	(2,240)	Level 1	(2,184)	(2,229)	Level 1
	Level 2	25	(77)	(86)	Level 2	(70)	(81)	Level 2

Bank borrowings
The fair values of bonds classified as Level 1 within the fair value hierarchy are calculated using quoted market prices. The fair values of Level 2 bonds have been determined by discounting cash flows with reference to relevant market rates of interest. The fair values of overdrafts and bank loans are assumed to materially approximate their carrying values.

Other financial instruments
Due to their nature and/or short-term maturity, the fair values of trade and other receivables, cash and cash equivalents, trade and other payables, other borrowings and securities held at amortised cost are estimated to approximate their carrying values.

(d) Financial assets and liabilities subject to offsetting, master netting arrangements and similar arrangements

31 December 2025	Gross amounts of recognised financial instruments £m	Gross amounts of recognised financial instruments offset in the Group Balance Sheet £m	Net amounts presented in the Group Balance Sheet £m	Related amounts not offset in the Group Balance Sheet (i) Financial instruments £m	Related amounts not offset in the Group Balance Sheet (i) Collateral £m	Net amount £m
Derivative financial assets	2,726	(1,850)	876	(39)	(81)	756
Derivative financial liabilities	(2,886)	1,850	(1,036)	39	203	(794)
			(160)			(38)
Balances arising from commodity contracts:						
Accrued trading and energy procurement income and unbilled downstream energy income	4,030	(2,305)	1,725	–	–	1,725
Accruals for commodity costs	(3,893)	2,305	(1,588)	–	–	(1,588)
Cash and financing arrangements:						
Cash and cash equivalents	4,307	–	4,307	(35)	–	4,272
Bank loans and overdrafts	(149)	–	(149)	35	–	(114)

31 December 2024	Gross amounts of recognised financial instruments £m	Gross amounts of recognised financial instruments offset in the Group Balance Sheet £m	Net amounts presented in the Group Balance Sheet £m	Related amounts not offset in the Group Balance Sheet (i) Financial instruments £m	Related amounts not offset in the Group Balance Sheet (i) Collateral £m	Net amount £m
Derivative financial assets	4,543	(2,967)	1,576	(38)	(162)	1,376
Derivative financial liabilities	(4,354)	2,967	(1,387)	38	191	(1,158)
			189			218
Balances arising from commodity contracts:						
Accrued trading and energy procurement income and unbilled downstream energy income	5,450	(2,829)	2,621	(1)	–	2,620
Accruals for commodity costs	(5,101)	2,829	(2,272)	1	–	(2,271)
Cash and financing arrangements:						
Cash and cash equivalents	6,338	–	6,338	(645)	–	5,693
Bank loans and overdrafts	(769)	–	(769)	645	–	(124)

(i) The Group has arrangements in place with various counterparties in respect of commodity trades which provide for a single net settlement of all financial instruments covered by the arrangement in the event of default or termination, or other circumstances arising whereby either party is unable to meet its obligations. The above table shows the potential impact of these arrangements being enforced by offsetting the relevant amounts within each Group Balance Sheet class of asset or liability.

S7. Fixed-fee service and insurance contracts

This section includes fixed-fee service (FFS) and insurance contract disclosures for services related to British Gas.

FFS non-insurance contracts in the UK are entered into with home services customers by British Gas Services Limited. FFS insurance contracts in the UK are entered into with home services customers by British Gas Insurance Limited, authorised by the PRA and regulated by the FCA and the PRA.

Product offerings include central heating, boiler and controls, plumbing and drains and electrical appliance insurance cover. Insurance contracts normally provide cover for twelve months with the option of renewal.

The contracts that protect policyholders against the risk of breakdowns result in risk transfer to the contract provider. Benefits provided to customers vary in accordance with terms and conditions of the contracts entered into. However, they generally include maintenance, repair and/or replacement of the items affected.

IFRS 17 'Insurance contracts' became effective on 1 January 2023 and replaced the existing insurance standard, IFRS 4. FFS insurance contracts fall within the scope of IFRS 17 where the Group reflects an assessment of the risk associated with an individual customer in setting the price of the contract, this captures materially all the Group's insurance contracts. The Group applies the simplified 'Premium Allocation Approach' to its contracts on the basis that the coverage period of the Group's insurance contracts is not greater than one year.

The levels of risk exposure and service provision to customers under the contract terms depend on the occurrence of uncertain future events, particularly the nature and frequency of faults, and the cost of repair or replacement of the items affected. Accordingly, the timing and the amount of future cash outflows associated with the contracts is uncertain. The Group's insurance contract portfolio is comprised of a large number of contracts with small individual values, and so results in a high volume of claims with relatively low unit cost. The characteristics of the business mean that material concentrations or aggregations of risk are relatively remote. The key terms and conditions that affect future cash flows are as follows:

- Provision of labour and parts for repairs, dependent on the agreement and associated level of service;
- A specified number of safety and maintenance inspections are carried out as set out in the agreement (usually once a year);
- No limit to the number of call-outs to carry out repair work; and
- Limits on certain maintenance and repair costs.

The most significant insurance risk is an extreme weather event for an extended period, which has the propensity to increase claim frequencies. The Group regularly assesses insurance risk sensitivities, the most significant relating to increases in breakdown frequency and increases in the average cost of repair. A reasonably possible increase in either would not have a material impact on the results of the Group.

Revenue is recognised over the life of contracts (usually a twelve-month period) regarding the incidence of risk, in particular the seasonal propensity of claims that span the life of the contract as a result of emergency maintenance being available throughout the contract term. Costs incurred to settle claims represent principally the engineer workforce employed by the Group within home services and the cost of parts utilised in repair or maintenance. Revenue is accounted for over a twelve-month period in accordance with the premium allocation approach required by IFRS 17, with adjustments made to reflect the seasonality of workload over a given year. Claims frequency is sensitive to the reliability of appliances as well as the impact of weather conditions. The contracts are not exposed to any interest rate risk or significant credit risk and do not contain any embedded derivatives.

Weather conditions and the seasonality of repairs both affect the profile of the workload and associated costs incurred across the year.

The risk exposure of these uncertain events is actively managed by undertaking the following risk mitigation activities:

- An initial service visit is provided to customers taking up most central heating contracts and in some instances pre-existing faults may lead to the contract being cancelled and no further cover being provided;
- An annual maintenance inspection is performed as part of most central heating contracts to help identify and prevent issues developing into significant maintenance or breakdown claims; and
- Contract limits are applied to certain types of maintenance and repair work considered to be higher risk in terms of frequency and cost.

Insurance service expenses recognised in cost of sales primarily relate to servicing claims including materials, labour and other costs required to fulfil the claim. Insurance service expenses recognised in operating costs largely relate to overhead expenses including non-engineer labour costs. These expenses are split for compatibility with the broader accounting policy of the Group.

S7. Fixed-fee service and insurance contracts

The following table shows the reconciliation from the opening to the closing balances of the liability for the remaining coverage and the liability for incurred claims for insurance contracts measured under the Premium Allocation Approach.

Year ended 31 December	2025 Liability for remaining coverage £m	2025 Liability of incurred claims £m	2025 Total £m	2024 Liability for remaining coverage £m	2024 Liability of incurred claims £m	2024 Total £m
1 January	**(35)**	**(140)**	**(175)**	(39)	(126)	(165)
Changes in the Group Income Statement:						
Insurance revenue:						
Contracts measured under the Premium Allocation Approach	**799**	**—**	**799**	800	—	800
Insurance service expenses:						
Incurred claim and other insurance service expenses recognised in cost of sales	**—**	**(474)**	**(474)**	—	(460)	(460)
Incurred claim and other insurance service expenses recognised in operating costs	**—**	**(288)**	**(288)**	—	(306)	(306)
Total insurance service expenses	**—**	**(762)**	**(762)**	—	(766)	(766)
Total changes in the Group Income Statement and insurance service result	**799**	**(762)**	**37**	800	(766)	34
Cash flows:						
Premiums received	**(798)**	**—**	**(798)**	(796)	—	(796)
Claims and other service expenses paid	**—**	**814**	**814**	—	752	752
Total cash flows	**(798)**	**814**	**16**	(796)	752	(44)
31 December	**(34)**	**(88)**	**(122)**	(35)	(140)	(175)

S8. Related party transactions

The Group's principal related parties mainly arise from its investments in joint ventures and associates, and other related entities. The disclosures below, including comparatives, only refer to related parties that were related in the current reporting period, and from the date the party was deemed to be related.

During the year, the Group entered into the following arm's length transactions with related parties who are not members of the Group, and had the following associated balances:

	2025				2024			
31 December	**Purchase of goods and services £m**	**Sale of goods and services £m**	**Amounts owed to £m**	**Amounts owed by £m**	Purchase of goods and services £m	Sale of goods and services £m	Amounts owed to £m	Amounts owed by £m
Associates:								
Lake Acquisitions Limited Group (i)	**(549)**	**—**	**(46)**	**—**	(772)	—	(52)	—
Sizewell C (ii)	**—**	**—**	**—**	**343**	—	—	—	—
Other	**—**	**6**	**—**	**—**	—	—	—	—
Joint ventures:								
Isle of Grain (iii)	**(5)**	**—**	**(3)**	**—**	—	—	—	—
	(554)	**6**	**(49)**	**343**	(772)	—	(52)	—

(i) Purchase of goods and services, and amounts owed to, relate to power purchase agreements with EDF Energy Nuclear Generation Limited, a subsidiary of Lake Acquisitions Limited. The Group had also committed facilities to the Lake Acquisitions Limited Group totalling £40 million (2024: £40 million), although nothing has been drawn at 31 December 2025.
(ii) Amounts owed by Sizewell C (Holding) Limited relate to shareholder loans outstanding at the balance sheet date, including £5 million of interest accrued. The Group has committed to invest a further £902 million, comprising £812 million of shareholder loans and £90 million of equity injections. These amounts are disclosed as commitments, see note 23. Loans made to Sizewell C (Holding) Limited bear interest at 9% and are treated as part of the Group's investment in the associate.
(iii) Purchase of goods and services, and amounts owed to, relate to payments for LNG capacity at the Isle of Grain LNG terminal. These transactions are conducted on an arm's length basis with a subsidiary of Garden Topco Limited, Grain LNG Limited, which became a related party during the year. At the balance sheet date the Group has £243 million of contracted LNG capacity commitments to Grain LNG Limited, see note 23.

Remuneration of key management personnel

Year ended 31 December	**2025 £m**	2024 £m
Short-term benefits	**5.4**	5.3
Post-employment benefits	**0.3**	0.2
Share-based payments	**4.0**	4.0
	9.7	9.5

Key management personnel comprise members of the Board and Executive Committee, a total of 15 individuals at 31 December 2025 (2024: 13).

Remuneration of the Directors of Centrica plc

Year ended 31 December	**2025 £m**	2024 £m
Total emoluments (i)	**4.9**	4.8
Amounts receivable under long-term incentive schemes	**3.4**	2.0
Contributions into pension schemes	**0.2**	0.1
	8.5	6.9

(i) These emoluments were paid for services performed on behalf of the Group. No emoluments related specifically to services performed for the Company.

Directors' interests in shares are given in the Remuneration Report on pages 86 to 107.

S9. Auditor's remuneration

Year ended 31 December	**2025 £m**	2024 £m
Fees payable to the Company's auditor for:		
Audit of the Company's individual and consolidated Financial Statements	**5.8**	5.5
Audit of the Company's subsidiaries	**2.2**	2.4
Total fees related to the audit of the parent and subsidiary entities	**8.0**	7.9
Fees payable to the Company's auditor and its associates for other services:		
Audit-related assurance services (i)	**0.9**	0.8
Total fees	**8.9**	8.7
Fees in respect of pension scheme audits (ii)	**0.2**	0.2

(i) Predominantly relates to the review of the condensed interim Financial Statements.
(ii) The pension scheme audit continues to be performed by PricewaterhouseCoopers LLP.

S10. Related undertakings

The Group has a large number of related undertakings principally in the UK, US, Canada and EU. These are listed below.

(a) Subsidiary undertakings

Investments held directly by Centrica plc with 100% voting rights

31 December 2025	Principal activity	Country of incorporation/ registered address key (i)		Class of shares held
Centrica Beta Holdings Limited (ii)	Holding company	United Kingdom	A	Ordinary shares
Centrica Ireland Holdings Limited	Holding company	Republic of Ireland	B	Ordinary shares

Investments held indirectly by Centrica plc with 100% voting rights

31 December 2025	Principal activity	Country of incorporation/ registered address key (i)		Class of shares held
Accord Energy Ukraine Holdings ApS (iii)	Holding company	Denmark	L	Ordinary shares
Accord Energy Ukraine LLC (iii)	Energy services and wholesale energy trading	Ukraine	AJ	Ordinary shares
Ardrar Holdings Limited (iii)	Holding company	Republic of Ireland	B	Ordinary shares
Ardrar Limited (iii)	Professional referrals and scheduling	Republic of Ireland	B	Ordinary shares
Ardrar Technology Limited (iii)	Intellectual property company	Republic of Ireland	B	Ordinary shares
Astrum Solar, Inc.	Home and/or commercial services	United States	C	Ordinary shares
Bord Gáis Energy Limited	Energy supply and power generation	Republic of Ireland	B	Ordinary shares
Bord Gáis Energy Trustees DAC	Pension trustee company	Republic of Ireland	B	Ordinary shares
British Gas Finance Limited	Vehicle leasing	United Kingdom	A	Ordinary shares
British Gas Insurance Limited	Insurance provision	United Kingdom	A	Ordinary shares
British Gas Limited	Energy supply	United Kingdom	A	Ordinary shares
British Gas New Heating Limited	Electrical and gas installations	United Kingdom	A	Ordinary shares
British Gas Services (Commercial) Limited (ii)	Non-trading	United Kingdom	A	Ordinary shares
British Gas Services Limited	Home services	United Kingdom	A	Ordinary shares
British Gas Social Housing Limited	Servicing and installation of heating systems	United Kingdom	A	Ordinary shares
British Gas Trading Limited	Energy supply	United Kingdom	A	Ordinary shares
Caythorpe Gas Storage Limited	Non-trading	United Kingdom	D	Ordinary shares
CBS Energy Assets Belgium B.V.	Construction and operation of battery storage	Belgium	E	Ordinary shares
CBS Energy Storage Assets UK Limited	Construction and operation of battery storage	United Kingdom	A	Ordinary shares
CBS Services Holdings Limited (ii)	Holding company	United Kingdom	A	Ordinary shares
CBS Solar Assets UK Limited	Power generation	United Kingdom	A	Ordinary shares
Centrica Barry Limited	Power generation	United Kingdom	A	Ordinary shares
Centrica Business Holdings Inc.	Holding company	United States	C	Ordinary shares
Centrica Business Solutions (Generation) Limited	Power generation	United Kingdom	A	Ordinary shares
Centrica Business Solutions B.V. (iv)	Energy management products and services	Netherlands	F	Ordinary shares
Centrica Business Solutions Belgium NV	Demand response aggregation	Belgium	E	Ordinary shares
Centrica Business Solutions Canada Inc.	Holding company	Canada	G	Ordinary shares
Centrica Business Solutions Deutschland GmbH	Demand response aggregation	Germany	H	Ordinary shares
Centrica Business Solutions France SAS	Demand response aggregation	France	I	Ordinary shares
Centrica Business Solutions Ireland Limited	Energy management products and services	Republic of Ireland	B	Ordinary shares
Centrica Business Solutions Italia Srl (iv)	Energy management products and services	Italy	J	Ordinary shares
Centrica Business Solutions Management Limited (ii)	Holding company	United Kingdom	A	Ordinary shares
Centrica Business Solutions Services, Inc.	Energy management products and services	United States	C	Ordinary shares
Centrica Business Solutions UK Limited	Energy management products and services	United Kingdom	A	Ordinary shares

S10. Related undertakings

31 December 2025	Principal activity	Country of incorporation/ registered address key (i)		Class of shares held
Centrica Business Solutions UK Optimisation Limited	Demand response aggregation	United Kingdom	A	Ordinary shares
Centrica Business Solutions US, Inc.	Energy management products and services	United States	C	Ordinary shares
Centrica Combined Common Investment Fund Limited	Dormant	United Kingdom	A	Ordinary shares
Centrica Directors Limited	Dormant	United Kingdom	A	Ordinary shares
Centrica Distributed Generation Limited	Power generation	United Kingdom	A	Ordinary shares
Centrica Energy Assets Holdings Limited	Holding company	United Kingdom	A	Ordinary shares
Centrica Energy Investments Limited (ii) (v)	Holding company	United Kingdom	A	Ordinary shares
Centrica Energy Limited	Wholesale energy trading	United Kingdom	A	Ordinary shares
Centrica Energy, LLC	Energy services and wholesale energy trading	United States	K	Membership interest
Centrica Energy Marketing Limited	Wholesale energy trading	United Kingdom	A	Ordinary shares
Centrica Energy Pty Ltd (iii)	Business services	Australia	AK	Ordinary shares
Centrica Energy Storage Limited	Gas production and processing	United Kingdom	D	Ordinary shares
Centrica Energy Trading A/S	Energy services and wholesale energy trading	Denmark	L	Ordinary shares
Centrica Energy Trading GmbH	Energy services and wholesale energy trading	Germany	M	Ordinary shares
Centrica Energy Trading, LLC	Energy services and wholesale energy trading	United States	K	Membership interest
Centrica Energy Trading Pte. Ltd	Energy services and wholesale energy trading	Singapore	N	Ordinary shares
Centrica Energy Trading Srl (iii)	Business services	Italy	AL	Ordinary shares
Centrica Engineers Pension Trustees Limited	Dormant	United Kingdom	A	Ordinary shares
Centrica Finance (Scotland) Limited (ii)	Holding company	United Kingdom	O	Ordinary shares
Centrica Finance Norway Limited	Dormant	Jersey	P	Ordinary shares
Centrica Gamma Holdings Limited (ii)	Holding company	United Kingdom	A	Ordinary shares
Centrica Hive Limited	Energy management products and services	United Kingdom	A	Ordinary shares
Centrica Holdings Limited (ii)	Holding company	United Kingdom	A	Ordinary shares
Centrica India Offshore Private Limited	Business services	India	Q	Ordinary shares
Centrica Innovations UK Limited (ii)	Investment company	United Kingdom	A	Ordinary shares
Centrica Innovations US, Inc.	Investment company	United States	C	Ordinary shares
Centrica Insurance Company Limited	Insurance provision	Isle of Man	R	Ordinary and preference shares
Centrica Lake Limited (ii)	Holding company	United Kingdom	A	Ordinary shares
Centrica LNG Company Limited	LNG trading	United Kingdom	A	Ordinary shares
Centrica LNG UK Limited	LNG trading	United Kingdom	A	Ordinary shares
Centrica Nederland B.V.	Holding company	Netherlands	F	Ordinary shares
Centrica Nigeria Limited (ii)	Holding company	United Kingdom	A	Ordinary shares
Centrica Offshore Investments Limited (ii)	Non-trading	United Kingdom	D	Ordinary shares
Centrica Offshore UK Limited	Gas production	United Kingdom	D	Ordinary shares
Centrica Overseas Holdings Limited (ii)	Holding company	United Kingdom	A	Ordinary shares
Centrica Pension Plan Trustees Limited	Dormant	United Kingdom	A	Limited by guarantee
Centrica Pension Trustees Limited	Dormant	United Kingdom	A	Ordinary shares
Centrica Production Limited	In liquidation	United Kingdom	O	Ordinary shares
Centrica Resources (Nigeria) Limited	Non-trading	Nigeria	S	Ordinary shares
Centrica River Limited (ii) (iii)	Holding company	United Kingdom	A	Ordinary shares
Centrica Secretaries Limited	Dormant	United Kingdom	A	Ordinary shares
Centrica Services Limited	Business services	United Kingdom	A	Ordinary shares
Centrica Smart Meter Assets Limited	Metering assets and services	United Kingdom	A	Ordinary shares
Centrica Storage Holdings Limited (ii)	Holding company	United Kingdom	D	Ordinary shares
Centrica Supply Chain Limited	Non-trading	United Kingdom	A	Ordinary shares
Centrica Trading Limited	Dormant	United Kingdom	A	Ordinary shares
Centrica Trinidad and Tobago Limited	Business services	Trinidad and Tobago	T	Ordinary shares

S10. Related undertakings

31 December 2025	Principal activity	Country of incorporation/ registered address key (i)		Class of shares held
Centrica Trust (No.1) Limited (ii)	Healthcare trust	United Kingdom	A	Ordinary shares
CP Energy Storage Assets Sweden 1 AB	Construction of battery storage	Sweden	U	Ordinary shares
CP Energy Storage Assets Sweden 2 AB	Construction of battery storage	Sweden	U	Ordinary shares
DEML Investments Limited	Holding company	Canada	G	Ordinary shares
DER Development No. 10 Ltd.	Holding company	Canada	G	Ordinary shares
Distributed Energy Customer Solutions Limited	Energy management products and services	United Kingdom	A	Ordinary shares
Dyno-Rod Limited	Operation of a franchise network	United Kingdom	A	Ordinary shares
ECL Contracts Limited	Dormant	United Kingdom	A	Ordinary shares
ECL Investments Limited	Dormant	United Kingdom	A	Ordinary shares
ENER-G Rudox, LLC	Energy management products and services	United States	C	Membership interest
Energy For Tomorrow (ii)	Not-for-profit energy services	United Kingdom	A	Limited by guarantee
Ensek Holdings Limited (ii)	Holding company	United Kingdom	V	Ordinary shares
Ensek Limited	Information technology consultancy activities	United Kingdom	V	Ordinary shares
GB Gas Holdings Limited	Holding company	United Kingdom	A	Ordinary shares
Generation Green Solar Limited	Dormant community benefit society	United Kingdom	A	Ordinary shares
GF One Limited (vi)	In liquidation	United Kingdom	W	Ordinary shares
GF Two Limited (vi)	In liquidation	United Kingdom	W	Ordinary shares
Greener Ideas Limited (vii)	Development of flexible power generation sites	Republic of Ireland	B	Ordinary shares
Inteligen Limited	Dormant	United Kingdom	V	Ordinary shares
Leicestershire Solar 1 Limited	Construction of solar asset	United Kingdom	A	Ordinary shares
Neas Energy Limited	Energy services and wholesale energy trading	United Kingdom	A	Ordinary shares
Neas Invest A/S	Dormant	Denmark	L	Ordinary shares
P.H Jones Group Limited (ii)	Holding company	United Kingdom	A	Ordinary shares
Pioneer Shipping Limited	LNG vessel chartering	United Kingdom	A	Ordinary shares
Rolleston 2 Solar Farm Limited	Construction of solar asset	United Kingdom	A	Ordinary shares
SN12 6EF Limited	Power generation	United Kingdom	A	Ordinary shares
South Energy Investments, LLC	Power generation	United States	C	Membership interest
Vista Solar, Inc.	Energy management products and services	United States	C	Ordinary shares

S10. Related undertakings

Investments held indirectly by Centrica plc with 69% voting rights

31 December 2025	Principal activity	Country of incorporation/ registered address key (i)		Class of shares held
Bowland Resources (No.2) Limited	Decommissioning of exploration and production assets	United Kingdom	A	Ordinary shares
Bowland Resources Limited	Decommissioning of exploration and production assets	United Kingdom	A	Ordinary shares
Elswick Energy Limited	Decommissioning of exploration and production assets	United Kingdom	A	Ordinary shares
Spirit Energy Limited	Holding company	United Kingdom	A	Ordinary and deferred shares
Spirit Energy Nederland B.V.	Gas and/or liquid exploration and production	Netherlands	X	Ordinary shares
Spirit Energy North Sea Limited	Gas and/or liquid exploration and production	United Kingdom	A	Ordinary shares
Spirit Energy North Sea Oil Limited	Gas and/or liquid exploration and production	United Kingdom	Y	Ordinary shares
Spirit Energy Norway AS	Non-trading	Norway	Z	Ordinary shares
Spirit Energy Production UK Limited	Gas and/or liquid exploration and production	United Kingdom	A	Ordinary shares
Spirit Energy Resources Limited	Gas and/or liquid exploration and production	United Kingdom	A	Ordinary shares
Spirit Energy Southern North Sea Limited	Gas and/or liquid exploration and production	United Kingdom	A	Ordinary shares
Spirit Energy Treasury Limited	Finance company	United Kingdom	A	Ordinary shares
Spirit Europe Limited	Holding company	United Kingdom	A	Ordinary shares
Spirit Infrastructure B.V.	Non-trading	Netherlands	X	Ordinary shares
Spirit North Sea Gas Limited	Gas and/or liquid exploration and production	United Kingdom	Y	Ordinary shares
Spirit Norway Holdings AS	Holding company	Norway	Z	Ordinary shares
Spirit Norway Limited	Holding company	United Kingdom	A	Ordinary shares
Spirit Production (Services) Limited	Business services	United Kingdom	Y	Ordinary shares
Spirit Resources (Armada) Limited	Decommissioning of exploration and production assets	United Kingdom	A	Ordinary shares

(i) For list of registered addresses, refer to note S10(d).
(ii) Companies where Centrica plc has provided guarantees under section 479C of the Companies Act 2006 over the liabilities of these entities. They are, therefore, exempt from audit under the requirements of sections 479A-C of the Companies Act 2006.
(iii) Incorporated or acquired in 2025.
(iv) Sold in February 2026.
(v) Entity changed its name during the year from Centrica Hydrogen Innovations Limited to Centrica Energy Investments Limited.
(vi) GF One Limited and GF Two Limited are 75% indirectly owned by Centrica plc.
(vii) Greener Ideas Limited is 80% indirectly owned by Centrica plc.

S10. Related undertakings

(b) Subsidiary undertakings – partnerships held indirectly by Centrica plc with 100% voting rights

31 December 2025	Principal activity	Country of incorporation/ registered address key (i)		Class of shares held
CF 2016 LLP (ii)	Group financing	United Kingdom	A	Membership interest
CFCEPS LLP (ii)	Group financing	United Kingdom	A	Membership interest
Direct Energy Resources Partnership	Holding entity	Canada	G	Membership interest
Finance Scotland 2016 Limited Partnership	Group financing	United Kingdom	O	Membership interest
Finance Scotland CEPS Limited Partnership	Group financing	United Kingdom	O	Membership interest

(i) For list of registered addresses, refer to note S10(d).
(ii) Companies where Centrica plc has provided guarantees under section 479C of the Companies Act 2006 over the liabilities of these entities. They are, therefore, exempt from audit under the requirements of sections 479A-C of the Companies Act 2006.

The following partnerships are fully consolidated into the Group Financial Statements and the Group has taken advantage of the exemption (as confirmed by regulation 7 of the Partnerships (Accounts) Regulations 2008) not to prepare or file separate accounts for these entities:

- Finance Scotland 2016 Limited Partnership; and
- Finance Scotland CEPS Limited Partnership.

(c) Joint arrangements and associates

31 December 2025	Principal activity	Country of incorporation/ registered address key (i)		Class of shares held	Indirect interest and voting rights
Joint ventures (ii)					
Allegheny Solar 1, LLC	Energy supply and/or services	United States	AA	Membership interest	40.0%
EDPRNA DG Centrica MT, LLC (iii)	Energy supply and/or services	United States	AB	Membership interest	50.0%
Eurowind Polska VI Sp z.o.o.	Operation of an onshore windfarm	Poland	AC	Ordinary shares	50.0%
Garden Topco Limited (iv)	Holding company	United Kingdom	AI	Ordinary shares	50.0%
Three Rivers Solar 1, LLC	Energy supply and/or services	United States	AA	Membership interest	40.0%
Three Rivers Solar 2, LLC	Energy supply and/or services	United States	AA	Membership interest	40.0%
Three Rivers Solar 3, LLC	Energy supply and/or services	United States	AA	Membership interest	40.0%
Vindpark Keblowo ApS	Holding company	Denmark	AD	Ordinary shares	50.0%
Associates (ii)					
Gasrec Limited (iv)	Manufacture of gas	United Kingdom	AO	Ordinary shares	16.4%
Grid Edge Limited (iv)	Business and domestic software development	United Kingdom	AM	Ordinary shares	37.8%
Kestrel Energy Storage DAC	Offshore gas storage development	Republic of Ireland	AF	Ordinary shares	33.3%
Lake Acquisitions Limited	Holding company	United Kingdom	AG	Ordinary shares	20.0%
Sizewell C (Holding) Limited (iv)	Holding company	United Kingdom	AN	Ordinary shares	15.0%
Tickd Limited	Trade of electricity	United Kingdom	AH	Ordinary shares	20.0%
Young Energy Holding Company Limited	Offshore windfarm development	Republic of Ireland	AE	Ordinary shares	30.0%

(i) For list of registered addresses, refer to note S10(d).
(ii) Further information on the principal joint ventures and associate investments held by the Group is disclosed in notes 6 and 14.
(iii) Entity changed its name during the year from C2 Centrica MT, LLC to EDPRNA DG Centrica MT, LLC.
(iv) Incorporated or acquired in 2025.

All Group companies principally operate within their country of incorporation unless noted otherwise.

S10. Related undertakings

(d) List of registered addresses

Registered address key	Address
A	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom
B	1 Warrington Place, Dublin 2, Republic of Ireland
C	2111 Ellsworth Boulevard, Malta NY 12020, United States
D	Woodland House, Woodland Park, Hessle, HU13 0FA, United Kingdom
E	Roderveldlaan 2 bus 2, 2600 Antwerp, Belgium
F	Wiegerbruinlaan 2A, 1422 CB Uithoorn, Netherlands
G	Suite 2400, 745 Thurlow Street, Vancouver BC V6E 0C5, Canada
H	Neuer Wall 10, 20354 Hamburg, Germany
I	60 Avenue Charles de Gaulle, Cs 60016, 92573, Neuilly sur Seine Cedex, France
J	Milan (MI), Via Emilio Cornalia 26, Italy
K	c/o Corporate Creations Network Inc., 1521 Concord Pike Suite 201, Wilmington, DE19803, United States
L	Skelagervej 1, 9000 Aalborg, Denmark
M	Esplanade 40, 20354 Hamburg, Germany
N	220 Orchard Road, #05-01 Midpoint Orchard, Singapore 238852, Republic of Singapore
O	1 Waterfront Avenue, Edinburgh, Scotland EH5 1SG, United Kingdom
P	47 Esplanade, St Helier, JE1 0BD, Jersey, Channel Islands
Q	G-74, LGF, Kalkaji, New Delhi, South Delhi, 110019, India
R	3rd floor, St George's Court, Upper Church Street, Douglas, IM1 1EE, Isle of Man
S	Sterling Towers, 20 Marina, Lagos, Nigeria
T	48-50 Sackville Street, Port of Spain, Trinidad and Tobago
U	Box 16285, 103 25 Stockholm, Sweden
V	Hounds Gate, 30-34 Hounds Gate, Nottingham, NG1 7AB, United Kingdom
W	1 More London Place, London, SE1 2AF, United Kingdom
X	Transpolis Building, Polarisavenue 39, 2132 JH Hoofddorp, Netherlands
Y	5th floor, IQ Building, 15 Justice Mill Lane, Aberdeen, AB11 6EQ, United Kingdom
Z	c/o Advokatfirmaet Schjødt AS Kongsgärdbakken 3, Stavanger, Rogaland 4005, Norway
AA	1209 Orange Street, Wilmington, New Castle County, DE 19801, United States
AB	Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, United States
AC	Ul. Wysogotowska 23, 62-081 Przezmierowo, Wielkpolskie, Poland
AD	Mariagervej 58B, DK 9500 Hobro, Denmark
AE	Block 1, Harcourt Centre, Harcourt Street, Dublin 2, DO2 YA40, Republic of Ireland
AF	1 Stokes Place, St Stephen's Green, Dublin, Republic of Ireland
AG	Nova North, 11 Bressenden Place, London, SW1E 5BY, United Kingdom (i)
AH	4th Floor, Regent House, 50 Frederick Street, Birmingham, B1 3HR, United Kingdom
AI	Grain Road, Rochester, Kent, ME3 0AB, United Kingdom
AJ	Lavrska Street 20, 01601 Kyiv, Ukraine
AK	Level 5, 60 Martin Place, 2000 Sydney NSW, Australia
AL	Viale Monte Santo 1/3, 20124 Milano, Italy
AM	3 Waterfront Business Park, Dudley Road, Brierley Hill, West Midlands, DY5 1LX, United Kingdom
AN	25 Copthall Avenue, London, EC2R 7BP, United Kingdom
AO	C/O Ampa Holdings LLP Level 19, The Shard, 32 London Bridge Street, London, SE1 9SG, United Kingdom

(i) Lake Acquisitions Limited changed its registered address during the year from 90 Whitfield Street, London, W1T 4EZ, United Kingdom to the address listed above.

S10. Related undertakings

(e) Summarised financial information

Management has determined that the investments in Lake Acquisitions Limited, Garden Topco Limited and Sizewell C (Holding) Limited are sufficiently material to warrant further disclosure on an individual basis. Accordingly, the Group presents summarised financial information, along with reconciliations to the amounts included in the consolidated Group Financial Statements, for these investees.

Lake Acquisitions Limited

Summarised statement of total comprehensive income

	2025				2024			
Year ended 31 December	**Associate information reported to Group £m**	**Unadjusted 20% share £m**	**Fair value and other adjustments £m**	**Group share £m**	Associate information reported to Group £m	Unadjusted 20% share £m	Fair value and other adjustments £m	Group share £m
Revenue	**2,913**	**583**	**—**	**583**	4,040	808	—	808
Operating profit/(loss) before interest and tax	**1,237**	**247**	**(17)**	**230**	2,148	430	(56)	374
Profit/(loss) for the year	**896**	**179**	**(11)**	**168**	1,494	299	(43)	256
Other comprehensive income	**20**	**4**	**—**	**4**	189	38	—	38
Total comprehensive income/(loss)	**916**	**183**	**(11)**	**172**	1,683	337	(43)	294

Summarised balance sheet

	2025				2024			
31 December	**Associate information reported to Group £m**	**Unadjusted 20% share £m**	**Fair value and other adjustments (i) £m**	**Group share £m**	Associate information reported to Group £m	Unadjusted 20% share £m	Fair value and other adjustments (i) £m	Group share £m
Non-current assets	**17,793**	**3,559**	**562**	**4,121**	18,201	3,640	638	4,278
Current assets	**3,642**	**728**	**—**	**728**	3,791	758	—	758
Current liabilities	**(2,399)**	**(480)**	**—**	**(480)**	(1,526)	(305)	—	(305)
Non-current liabilities	**(12,036)**	**(2,407)**	**(39)**	**(2,446)**	(13,710)	(2,742)	(101)	(2,843)
Net assets	**7,000**	**1,400**	**523**	**1,923**	6,756	1,351	537	1,888

(i) Before cumulative impairments of £1,345 million (2024: £1,094 million) of the Group's associate investment.

During the year, dividends of £135 million (2024: £355 million) were paid by the associate to the Group.

Garden Topco Limited

Summarised statement of total comprehensive income

	2025				2024			
Year ended 31 December	**Joint venture information reported to Group £m**	**Unadjusted 50% share £m**	**Fair value and other adjustments £m**	**Group share £m**	Joint venture information reported to Group £m	Unadjusted 50% share £m	Fair value and other adjustments £m	Group share £m
Revenue	**23**	**11**	**—**	**11**	—	—	—	—
Operating loss before interest and tax	**(21)**	**(10)**	**(2)**	**(12)**	—	—	—	—
Loss for the year	**(27)**	**(13)**	**(2)**	**(15)**	—	—	—	—
Other comprehensive income	**—**	**—**	**(8)**	**(8)**	—	—	—	—
Total comprehensive loss	**(27)**	**(13)**	**(10)**	**(23)**	—	—	—	—

Summarised balance sheet

	2025				2024			
31 December	**Joint venture information reported to Group £m**	**Unadjusted 50% share £m**	**Fair value and other adjustments £m**	**Group share £m**	Joint venture information reported to Group £m	Unadjusted 50% share £m	Fair value and other adjustments £m	Group share £m
Non-current assets	**1,730**	**865**	**(2)**	**863**	—	—	—	—
Current assets	**223**	**111**	**—**	**111**	—	—	—	—
Current liabilities	**(288)**	**(144)**	**—**	**(144)**	—	—	—	—
Non-current liabilities	**(1,275)**	**(637)**	**(8)**	**(645)**	—	—	—	—
Net assets/(liabilities)	**390**	**195**	**(10)**	**185**	—	—	—	—

S10. Related undertakings

Sizewell C (Holding) Limited

Summarised statement of total comprehensive income

Year ended 31 December	2025 Associate information reported to Group £m	2025 Unadjusted 15% share £m	2025 Fair value and other adjustments £m	2025 Group share £m	2024 Associate information reported to Group £m	2024 Unadjusted 15% share £m	2024 Fair value and other adjustments £m	2024 Group share £m
Revenue	–	–	–	–	–	–	–	–
Operating loss before interest and tax	(1)	–	–	–	–	–	–	–
Loss for the year	(3)	–	–	–	–	–	–	–
Other comprehensive income	–	–	–	–	–	–	–	–
Total comprehensive loss	(3)	–	–	–	–	–	–	–

Summarised balance sheet

31 December	2025 Associate information reported to Group £m	2025 Unadjusted 15% share £m	2025 Fair value and other adjustments £m	2025 Group share £m	2024 Associate information reported to Group £m	2024 Unadjusted 15% share £m	2024 Fair value and other adjustments £m	2024 Group share £m
Non-current assets	7,357	1,104	–	1,104	–	–	–	–
Current assets	1,699	255	11	266	–	–	–	–
Current liabilities	(752)	(113)	–	(113)	–	–	–	–
Non-current liabilities	(8,054)	(1,208)	–	(1,208)	–	–	–	–
Net assets	250	38	11	49	–	–	–	–

Joint operations - fields/assets

31 December 2025	Location	Percentage holding
Cygnus (i)	UK North Sea	15%

(i) During the year, the holding in Cygnus was reduced from 61.25% to 15%. The remaining 15% was classified as held for sale at the year end date. See notes 3 and 12 for more information.

S11. Non-controlling interests

The Group has one subsidiary undertaking with a material non-controlling interest: Spirit Energy Limited, through which the Group carries out the majority of its exploration and production activities.

	2025					2024				
Year ended 31 December	**Non-controlling interests %**	**Profit for the year £m**	**Total comprehensive income £m**	**Total equity £m**	**Distributions to non-controlling interests £m**	Non-controlling interests %	Profit for the year £m	Total comprehensive income £m	Total equity £m	Distributions to non-controlling interests £m
Spirit Energy Limited	**31**	**21**	**21**	**411**	**—**	31	33	34	390	—

Summarised financial information

The summarised financial information disclosed is shown on a 100% basis. It represents the consolidated position of Spirit Energy Limited and its subsidiaries that would be shown in its consolidated financial statements prepared in accordance with IFRS under Group accounting policies before intercompany eliminations.

Summarised statement of total comprehensive income

Year ended 31 December	**2025 £m**	2024 £m
Revenue	**763**	1,140
Profit for the year	**67**	106
Other comprehensive income	**2**	3
Total comprehensive income	**69**	109

Summarised balance sheet

31 December	**2025 £m**	2024 £m
Non-current assets	**584**	992
Current assets	**2,022**	1,980
Assets of disposal groups classified as held for sale	**172**	—
Current liabilities	**(376)**	(557)
Liabilities of disposal groups classified as held for sale	**(157)**	—
Non-current liabilities	**(920)**	(1,158)
Net assets	**1,325**	1,257

Summarised cash flow

Year ended 31 December	**2025 £m**	2024 £m
Net (decrease)/increase in cash and cash equivalents	**(8)**	5

Company Statement of Changes in Equity

	Share capital £m	Share premium £m	Retained earnings £m	Other equity (note II) £m	Total equity £m
1 January 2024	365	2,394	5,317	(830)	7,246
Profit for the year (i)	—	—	185	—	185
Other comprehensive income	—	—	—	5	5
Total comprehensive income	—	—	185	5	190
Employee share schemes and other share transactions (ii)	—	—	(8)	43	35
Share buyback programme (iii)	—	—	—	(480)	(480)
Shares cancelled in the period (iii)	(21)	—	(400)	421	—
Dividends paid to equity holders	—	—	(219)	—	(219)
31 December 2024	344	2,394	4,875	(841)	6,772
Profit for the year (i)	—	—	2,346	—	**2,346**
Other comprehensive loss	—	—	—	(33)	**(33)**
Total comprehensive income/(loss)	—	—	2,346	(33)	**2,313**
Employee share schemes and other share transactions (ii)	—	—	(12)	66	**54**
Share buyback programme (iii)	—	—	—	(770)	**(770)**
Shares cancelled in the period (iii)	(31)	—	(681)	712	**—**
Dividends paid to equity holders	—	—	(237)	—	**(237)**
31 December 2025	**313**	**2,394**	**6,291**	**(866)**	**8,132**

(i) Includes intercompany dividend income of £2,236 million (2024: £nil).
(ii) Includes taxation on employee share schemes and other share transactions attributable to the Company only.
(iii) See notes 26 and S4 of the Group consolidated Financial Statements for further details of the share buyback programme and share cancellations.

As permitted by Section 408(3) of the Companies Act 2006 no Income Statement or Statement of Comprehensive Income is presented.

Details of the interim and final dividends are provided in notes 11 and 27 to the Group consolidated Financial Statements.

Details of the Company's share capital are provided in the Group Statement of Changes in Equity and note 26 to the Group consolidated Financial Statements.

The notes on pages 237 to 244 form part of these Financial Statements, along with note 26 to the Group consolidated Financial Statements.

Company Balance Sheet

31 December	Notes	2025 £m	2024 £m
Non-current assets			
Property, plant and equipment	IV	**12**	9
Investments	V	**150**	121
Deferred tax assets	XII	**11**	—
Trade and other receivables	VI	**14,381**	15,288
Derivative financial instruments	VII	**52**	103
Retirement benefit assets	XIV	**16**	42
Securities	IX	**59**	108
		14,681	15,671
Current assets			
Trade and other receivables	VI	**166**	483
Derivative financial instruments	VII	**132**	140
Cash and cash equivalents		**3,975**	5,498
		4,273	6,121
Total assets		**18,954**	21,792
Current liabilities			
Derivative financial instruments	VII	**(130)**	(147)
Trade and other payables	XI	**(8,041)**	(11,543)
Provisions for other liabilities		**(2)**	—
Bank overdrafts, loans and other borrowings	XIII	**(122)**	(694)
		(8,295)	(12,384)
Non-current liabilities			
Deferred tax liabilities	XII	**(3)**	(1)
Derivative financial instruments	VII	**(127)**	(204)
Provisions for other liabilities		**(1)**	(1)
Retirement benefit obligations	XIV	**(53)**	(48)
Bank loans and other borrowings	XIII	**(2,343)**	(2,382)
		(2,527)	(2,636)
Total liabilities		**(10,822)**	(15,020)
Net assets		**8,132**	6,772
Share capital		**313**	344
Share premium		**2,394**	2,394
Retained earnings (i)		**6,291**	4,875
Other equity	II	**(866)**	(841)
Total shareholders' equity		**8,132**	6,772

(i) Retained earnings includes a net profit after taxation of £2,346 million (2024: £185 million) which includes intercompany dividend income of £2,236 million (2024: £nil).

The Financial Statements on pages 235 to 244, of which the notes on pages 237 to 244 form part, along with note 26 to the Group consolidated Financial Statements, were approved and authorised for issue by the Board of Directors on 18 February 2026 and were signed on its behalf by:

Chris O'Shea
Group Chief Executive

Russell O'Brien
Group Chief Financial Officer

Centrica plc Registered No: 03033654

Notes to the Company Financial Statements

I. GENERAL INFORMATION AND MATERIAL ACCOUNTING POLICIES OF THE COMPANY

General information

The Company is a public company limited by shares, incorporated and domiciled in the UK, and registered in England and Wales. The registered office is Millstream, Maidenhead Road, Windsor, Berkshire, SL4 5GD.

The Company's principal activity is to act as an investment holding company that provides both management and treasury services to its subsidiaries.

(a) Basis of preparation

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements are prepared in accordance with FRS 101 'Reduced Disclosure Framework'.

The Company Financial Statements are presented in pounds sterling which is the functional currency of the Company.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, disclosure requirements relating to compensation of key management personnel, disclosure relating to prior year share capital reconciliation, standards not yet effective, and certain related party transactions. Where required, equivalent disclosures are given in the Group consolidated Financial Statements. The principal accounting policies adopted are the same as those set out in note S2 to the Group consolidated Financial Statements except as noted below. Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment. The Company receives income from its subsidiaries in the form of interest and dividends.

In the current year, the Company has applied an amendment to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) which became mandatorily effective for an accounting period that begins on or after 1 January 2025. The adoption of this amendment has not had any material impact on the disclosures or on the amounts reported in these financial statements. See note 1 of the Group consolidated Financial Statements for further details.

Measurement convention

The Company Financial Statements have been prepared on the historical cost basis except for: investments in subsidiaries that have been recognised at deemed cost on transition to FRS 101; derivative financial instruments, financial instruments required to be measured at fair value through profit or loss or other comprehensive income, and those financial assets so designated at initial recognition, and the assets of the defined benefit pension schemes that have been measured at fair value; the liabilities of the defined benefit pension schemes that have been measured using the projected unit credit valuation method; and the carrying values of recognised assets and liabilities qualifying as hedged items in fair value hedges that have been adjusted from cost by the changes in the fair values attributable to the risks that are being hedged.

Going concern

The accounts have been prepared on a going concern basis, as described in the Directors' Report and note 25(b) of the Group consolidated Financial Statements.

I. GENERAL INFORMATION AND MATERIAL ACCOUNTING POLICIES OF THE COMPANY

(b) Critical accounting judgements and key sources of estimation uncertainty

There were no critical judgements that would have a significant effect on the amounts recognised in the Company Financial Statements. The 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 discussed below.

Impairment of other financial assets and credit losses for financial guarantee contracts

There is estimation uncertainty involved in determining expected credited losses for certain intercompany receivable balances where the ability of the counterparty to repay is based on the valuation of the underlying business. The Company's impairment policies in relation to financial assets are consistent with those of the Group, with additional consideration given to amounts owed by Group undertakings.

All outstanding receivable balances are repayable on demand and arise from funding provided by the Company to its subsidiaries. A detailed review of the amounts owed by Group undertakings for the expected credit loss provision is carried out on an annual basis. The model considers whether the receivable is repayable on demand within a 12-month period and the probability of default by the counterparty, considering the financial position of that entity, and the effect of wider macroeconomic conditions on the business performance of the counterparty, which in turn have direct impact on both the amount that could be recovered from Group undertakings through generated future cash flows and on the timing of the recovery. The level of provision is sensitive to the assessment of credit worthiness of specific legal entities as a result. In the current year, the Company holds an expected credit loss provision for amounts owed by Group undertakings of £126 million (2024: £692 million) on a gross balance of £14,640 million (2024: £16,444 million). This represents 0.9% (2024: 4.2%) of the gross amounts owed by Group undertakings balance. See note VI(ii) for further details on the expected credit loss provision movement during the year.

Given the impact of expected business performance of Group undertakings on the determination of the level of provision for expected credit losses, it is reasonably possible that changes to wider macroeconomic conditions impacting the credit worthiness of Group undertakings could result in a material adjustment to the intercompany receivable carrying amount within the next financial year. Whilst impracticable to determine the full extent of the possible effects of these changes, based on historic analysis, such a reasonably possible change, could lead to an increase or decrease in the provision of £84 million (2024: £82 million).

The Company has provided financial guarantees relating to its subsidiaries' trading activities and decommissioning obligations.

At 31 December 2025, the Group has derivative liabilities of £1,036 million (2024: £1,387 million), and decommissioning liabilities of £1,302 million (2024: £1,459 million). See notes 19 and 21 of the Group consolidated Financial Statements. In the current year, the Company holds an expected credit loss provision of £16 million (2024: £21 million) on these financial guarantee contracts. This represents 0.7% (2024: 0.7%) of the gross balances. A 0.5% change in the provision would lead to an increase or decrease of £11 million (2024: £14 million). As a result, we do not consider expected credit losses on financial guarantee contracts to be a key source of estimation uncertainty.

(c) Summary of material accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Company Financial Statements.

Pensions and other post-employment benefits

The Company's employees participate in a number of the Group's defined benefit pension schemes. The total Group cost of providing benefits under defined benefit schemes is determined separately for each of the Group's schemes under the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised in full in the period in which they occur. The key assumptions used for the actuarial valuation are based on the Group's best estimate of the variables that will determine the ultimate cost of providing post-employment benefits, on which further detail is provided in notes 3(b) and 22 to the Group consolidated Financial Statements. Asset-backed contribution assets are included within Company Financial Statements.

Investments

Fixed asset investments in subsidiaries' shares are held at deemed cost on transition to FRS 101 and at cost in accordance with IAS 27 'Separate Financial Statements', less any provision for impairment as necessary. The carrying values of investments in subsidiary undertakings are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Financial guarantees

The Company has issued financial guarantees to its subsidiary undertakings, which it accounts for under IFRS 9. The Company has applied the impairment requirements of IFRS 9 to these financial guarantees. A financial guarantee contract is measured at fair value at the reporting date and where the expected credit loss is higher than calculated on recognition, an additional liability is recognised. Expected credit losses which arise on such arrangements have been calculated according to the nature of the guarantee and the Company's estimate of potential exposure at the balance sheet date.

Amounts owed by Group undertakings

Interest bearing amounts owed by Group undertakings are initially recognised at a value based on their transaction price, and are subsequently held at amortised cost using the effective interest method (taking into account the Group's business model, which is to collect the contractual cash flows owing) less an allowance for impairment losses. Balances are written off when recoverability is assessed as being remote. If collection is expected in one year or less, receivables are classified as current assets. If not, they are presented as non-current assets.

Amounts due to Group undertakings

Interest bearing amounts due to Group undertakings are initially recognised at fair value, which is usually the original invoice amount and are subsequently held at amortised cost using the effective interest method. If payment is due within one year or less, payables are classified as current liabilities. If not, they are presented as non-current liabilities.

II. OTHER EQUITY

	Cash flow hedging reserve £m	Actuarial gains and losses reserve £m	Financial asset at FVOCI reserve £m	Treasury and own shares reserve £m	Share-based payments reserve £m	Capital redemption reserve £m	Total £m
1 January 2024	(15)	(156)	13	(650)	42	(64)	(830)
Actuarial gain on defined benefit pension schemes	—	1	—	—	—	—	1
Employee Share Schemes:							
Exercise of awards	—	—	—	27	(21)	—	6
Value of services provided	—	—	—	—	47	—	47
Purchase of own shares	—	—	—	(8)	—	—	(8)
Share buyback programme: (i)							
Purchase of Treasury shares	—	—	—	(504)	—	—	(504)
Movement on accrual for committed share purchases	—	—	—	—	—	24	24
Shares cancelled in the year (i)	—	—	—	400	—	21	421
Impact of cash flow hedging	2	—	—	—	—	—	2
Revaluation of securities measured at FVOCI	—	—	4	—	—	—	4
Taxation on above items (ii)	(1)	—	(1)	—	(2)	—	(4)
31 December 2024	(14)	(155)	16	(735)	66	(19)	(841)
Actuarial losses on defined benefit pension schemes	—	(44)	—	—	—	—	**(44)**
Employee Share Schemes:							
Exercise of awards	—	—	—	48	(29)	—	**19**
Value of services provided	—	—	—	—	56	—	**56**
Purchase of own shares	—	—	—	(9)	—	—	**(9)**
Share buyback programme: (i)							
Purchase of Treasury shares	—	—	—	(827)	—	—	**(827)**
Movement on accrual for committed share purchases	—	—	—	—	—	57	**57**
Shares cancelled in the year (i)	—	—	—	681	—	31	**712**
Impact of cash flow hedging	(4)	—	—	—	—	—	**(4)**
Revaluation of securities measured at FVOCI	—	—	4	—	—	—	**4**
Taxation on above items (ii)	1	11	(1)	—	—	—	**11**
31 December 2025	**(17)**	**(188)**	**19**	**(842)**	**93**	**69**	**(866)**

(i) See notes 26 and S4 of the Group consolidated Financial Statements for further details of the share buyback programme and share cancellation.
(ii) Includes current and deferred taxation on above items attributable to the Company only.

III. DIRECTORS AND EMPLOYEES

(a) Employee costs

Year ended 31 December	**2025 £m**	2024 £m
Wages and salaries	**(12)**	(11)
Other	**(11)**	(9)
	(23)	(20)

(b) Average number of employees during the year

Year ended 31 December	**2025 Number**	2024 Number
Group Functions (i)	**219**	229
Infrastructure (i)	**—**	4
	219	233

(i) Segmental description have been restated to reflect the new and relevant operating structure of the Group. See note 1(d) of the Group consolidated Financial Statements for further details.

IV. PROPERTY, PLANT AND EQUIPMENT

	Plant, equipment & vehicles 2025 £m
Cost	
1 January	20
Additions	5
Disposals/retirements	(1)
Lease modifications and re-measurements	4
31 December	28
Accumulated depreciation	
1 January	(11)
Charge for the year	(6)
Disposals/retirements	1
31 December	(16)
NBV at 31 December (i)	12

(i) Included within the above are right-of-use assets relating to £8 million of staff salary sacrifice electric vehicles (2024: £7 million) and £4 million of infrastructure services (2024: £2 million).

V. INVESTMENTS IN SUBSIDIARIES

	2025 (i) £m	2024 (i) £m
Cost		
1 January	121	94
Employee share scheme net capital movement (ii)	29	27
31 December	150	121
Provision		
1 January	–	–
31 December	–	–
NBV at 31 December	150	121

(i) Direct investments are held in Centrica Beta Holdings Limited, which is incorporated in England, and Centrica Ireland Holdings Limited, which is incorporated in Ireland. Related undertakings are listed in note S10 to the Group consolidated Financial Statements.

(ii) Employee share scheme movement is the net change in shares to be awarded under employee share schemes to employees of Group undertakings.

The Directors believe that the carrying value of the investments is supported by their recoverable value.

VI. TRADE AND OTHER RECEIVABLES

	2025		2024	
31 December	Current (i) £m	Non-current (ii) £m	Current (i) £m	Non-current (ii) £m
Amounts owed by Group undertakings	144	14,373	475	15,277
Prepayments and other receivables	22	8	8	11
	166	14,381	483	15,288

(i) The amounts receivable by the Company include a gross balance of £113 million (2024: £290 million) that bears interest at a quarterly rate determined by Group treasury and linked to the Group cost of funds. The quarterly rates ranged between 2.0% and 4.8% per annum during 2025 (2024: 3.6% and 5.5%). The other amounts receivable from Group undertakings are interest free. All amounts receivable from Group undertakings are unsecured and repayable on demand. Amounts receivable from Group undertakings are presented net of expected credit loss provisions, which were £nil as at 31 December 2025 (2024: £nil). No additional expected credit loss provision was recognised during the year (2024: £nil).

(ii) The amounts receivable by the Company include a gross balance of £12,968 million (2024: £15,910 million) that bears interest at a quarterly rate determined by Group treasury and linked to the Group cost of funds. The quarterly rates ranged between 2.0% and 4.8% per annum during 2025 (2024: 3.6% and 5.5%). The other amounts receivable from Group undertakings are interest-free. All amounts receivable from Group undertakings are unsecured, repayable on demand, and are not expected to be settled within 12 months from the reporting date. Amounts receivable by the Company are stated net of credit loss provisions of £126 million (2024: £692 million). During the year, the Company recognised an expected credit loss provision of £58 million (2024: £37 million) on amounts owed by Group undertakings. A £624 million reduction in expected credit loss was recognised during the year, primarily due to the settlement of an intercompany loan that had been previously fully impaired. This amount represents the reversal of the expected credit loss previously charged.

VII. DERIVATIVE FINANCIAL INSTRUMENTS

31 December	2025 Current £m	2025 Non-current £m	2025 Total £m	2024 Current £m	2024 Non-current £m	2024 Total £m
Derivative financial assets	**132**	**52**	**184**	140	103	243
Derivative financial liabilities	**(130)**	**(127)**	**(257)**	(147)	(204)	(351)

All derivatives are recognised at fair value on the date on which the derivative is entered into and are re-measured to fair value at each reporting date. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative assets and derivative liabilities are offset and presented on a net basis only when there is a currently enforceable legal right of set-off and the intention to net settle the derivative contracts is present. The disclosure of current and non-current derivative assets and liabilities is determined by the settlement date of the derivative.

Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates. The details of external instruments, and the disclosures in respect of hedging, are presented in note 19 and note S5 to the Group consolidated Financial Statements.

Intercompany derivatives have equal and opposite terms to the external derivatives, therefore the impact on the Company's profit or loss is £nil. These instruments are used by the subsidiaries of the Company to economically hedge transactional currency risk of purchases and sales in foreign currencies.

VIII. FINANCIAL INSTRUMENTS

(a) Determination of fair values

The Company's policies for the classification and valuation of financial instruments carried at fair value are consistent with those of the Group, as detailed in note S6 to the Group consolidated Financial Statements.

(b) Financial instruments carried at fair value

31 December	Level 1 £m	Level 2 £m	2025 Total £m	Level 1 £m	Level 2 £m	2024 Total £m
Financial assets						
Derivative financial assets held for trading:						
Foreign exchange derivatives - External	—	40	**40**	—	128	128
Foreign exchange derivatives - Internal	—	106	**106**	—	83	83
Derivative financial assets in hedge accounting relationships:						
Foreign exchange derivatives	—	38	**38**	—	32	32
Debt instruments	49	—	**49**	73	—	73
Equity instruments	10	—	**10**	35	—	35
Cash and cash equivalents (i)	—	3,333	**3,333**	—	4,825	4,825
Total financial assets at fair value	**59**	**3,517**	**3,576**	108	5,068	5,176
Financial liabilities						
Derivative financial liabilities held for trading:						
Foreign exchange derivatives - External	—	(106)	**(106)**	—	(83)	(83)
Foreign exchange derivatives - Internal	—	(40)	**(40)**	—	(128)	(128)
Derivative financial liabilities in hedge accounting relationships:						
Interest rate derivatives	—	(95)	**(95)**	—	(134)	(134)
Foreign exchange derivatives	—	(16)	**(16)**	—	(6)	(6)
Total financial liabilities at fair value	**—**	**(257)**	**(257)**	—	(351)	(351)

(i) The cash and cash equivalents of £3,333 million (2024: £4,825 million) at Level 2 relates to money market funds.

IX. SECURITIES

31 December	2025 Non-current £m	2024 Non-current £m
Debt instruments	**49**	73
Equity instruments	**10**	35
	59	108

Within non-current securities, £59 million (2024: £108 million) of investments were held in trust, on behalf of the Company, as security in respect of the Centrica Unapproved Pension Scheme (refer to note XIV(c)).

X. LEASE LIABILITIES MATURITY ANALYSIS

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	2025 £m	2024 £m
Less than one year	6	5
1-2 years	4	3
2-3 years	2	1
Total lease liabilities (undiscounted)	**12**	**9**

Analysed as:	2025 £m	2024 £m
Non-current	6	4
Current	6	5
	12	9

Future finance charges are expected to be £0.5 million (2024: £0.5 million).

XI. TRADE AND OTHER PAYABLES

31 December	2025 Current £m	2024 Current £m
Amounts owed to Group undertakings (i)	(7,962)	(11,430)
Payable on financial guarantee contracts (ii)	(15)	(21)
Accruals and other creditors (iii)	(63)	(91)
Taxation and social security	(1)	(1)
	(8,041)	(11,543)

(i) The current amounts payable by the Company include £7,655 million (2024: £10,667 million) that bears interest at a quarterly rate determined by Group treasury and linked to the Group cost of funds. The quarterly rates ranged between 2.0% and 4.8% per annum during 2025 (2024: 3.6% and 5.5%). The other amounts payable to the Group undertakings, are interest free. All amounts payable to the Group undertakings are unsecured and repayable on demand.

(ii) During the year, the Company has released £6 million (2024: £12 million) of expected credit loss provision on financial guarantee contracts. See note XV for further details.

(iii) During the year, the Company recognised a financial liability of £14 million (2024: £75 million) relating to the share buyback programme. See 'Own and treasury shares reserve' section in note S4 of the Group consolidated Financial Statements for more details.

XII. DEFERRED TAX ASSETS AND LIABILITIES

	Retirement benefit obligation £m	Other £m	Total £m
1 January 2024	7	1	8
Charge to income	(3)	—	(3)
Charge to equity	(3)	(3)	(6)
Net deferred tax assets/(liabilities) at 31 December 2024	1	(2)	(1)
(Charge)/credit to income	(2)	1	(1)
Credit to equity	10	—	10
Net deferred tax assets/(liabilities) at 31 December 2025	**9**	**(1)**	**8**

Other net deferred tax liabilities primarily relate to other temporary differences. All deferred tax crystallises in over one year.

XIII. BANK OVERDRAFTS, LOANS AND OTHER BORROWINGS

	2025		2024	
31 December	Current £m	Non-current £m	Current £m	Non-current £m
Bank loans and overdrafts	(20)	(114)	(645)	(124)
Bonds	(51)	(2,223)	—	(2,254)
Interest accruals	(45)	—	(44)	—
Lease obligations	(6)	(6)	(5)	(4)
	(122)	(2,343)	(694)	(2,382)

Disclosures in respect of the Group's financial liabilities are provided in notes 25 and S3 to the Group consolidated Financial Statements. With the exception of leases and overdrafts, materially all of the Group's financing activity is carried out through the Company.

XIV. PENSIONS

(a) Summary of main schemes

The Company's employees participate in the following Group defined benefit pension schemes: Centrica Pension Plan (CPP), Centrica Pension Scheme (CPS) and Centrica Unapproved Pension Scheme. Its employees also participate in the defined contribution Centrica Savings Plan. Information on these schemes is provided in note 22 to the Group consolidated Financial Statements.

Together with the Centrica Engineers Pensions Scheme (CEPS), CPP and CPS form the significant majority of the Group's and Company's defined benefit obligation and are referred to below and in the Group consolidated Financial Statements as the 'Registered Pension Schemes'.

(b) Accounting assumptions, risks and sensitivity analysis

The accounting assumptions, risks and sensitivity analysis for the Registered Pension Schemes are provided in note 22 to the Group consolidated Financial Statements.

(c) Movements in the year

	2025		2024	
	Pension liabilities £m	**Pension assets £m**	Pension liabilities £m	Pension assets £m
1 January	**(810)**	**804**	(929)	908
Items included in the Company Income Statement:				
Current service cost	**(1)**	**–**	(1)	–
Contributions by employer in respect of employee salary sacrifice arrangements [(i)]	**(1)**	**–**	(2)	–
Total current service cost	**(2)**	**–**	(3)	–
Past service cost	**(1)**	**–**	–	–
Interest (expense)/income	**(43)**	**42**	(42)	41
Termination cost	**(2)**	**–**	–	–
Items included in the Company Statement of Comprehensive Income:				
Returns on plan assets, excluding interest income	**–**	**(23)**	–	(119)
Actuarial gain/(loss) from changes to demographic assumptions	**9**	**–**	(2)	–
Actuarial gain from changes in financial assumptions	**37**	**–**	122	–
Actuarial loss from experience adjustments	**(67)**	**–**	–	–
Other movements:				
Employer contributions	**–**	**18**	–	16
Contributions by employer in respect of employee salary sacrifice arrangements	**–**	**1**	–	2
Benefits paid from schemes	**44**	**(44)**	44	(44)
31 December	**(835)**	**798**	(810)	804

(i) A salary sacrifice arrangement was introduced on 1 April 2013 for pension scheme members. The contributions paid via the salary sacrifice arrangement have been treated as employer contributions and included within the current service cost, with a corresponding reduction in salary costs.

Presented in the Company Balance Sheet as:

31 December	**2025 £m**	2024 £m
Retirement benefit pension assets	**16**	42
Retirement benefit pension liabilities	**(53)**	(48)

The pension scheme liabilities include £46 million (2024: £48 million) relating to the Centrica Unapproved Pension Scheme and £7 million (2024: £nil) relating to the Centrica Pension Plan (CPP).

XIV. PENSIONS

(d) Defined benefit pension scheme contributions

Note 22 to the Group consolidated Financial Statements provides details of the triennial review carried out at 31 March 2024 in respect of the UK Registered Pension Schemes and the future pension scheme contributions, including asset-backed arrangements, agreed as part of this review. Under IAS 19, the Company's contribution and trustee interest in the Scottish Limited Partnerships are recognised as scheme assets.

Independent valuations

The Registered Pension Schemes are subject to independent valuations at least every three years, on the basis of which the qualified actuary certifies the rate of employer contributions, which together with the specified contributions payable by the employees and proceeds from the schemes' assets, are expected to be sufficient to fund the benefits payable under the schemes.

The latest full actuarial valuations agreed and finalised with the Pension Trustees were carried out at 31 March 2024 in respect of the UK Registered Pension Schemes. These valuations have been updated to 31 December 2025 for the purpose of meeting the requirements of IAS 19. Investments held in all schemes have been valued for this purpose at market value.

In February 2025, full actuarial valuations of the Registered Pension Schemes at 31 March 2024 were agreed and finalised with the Pension Trustees. The impact on pension scheme contributions is shown in note 22(g) of the Group consolidated Financial Statements. These valuations will be updated prospectively in future reporting periods for the purpose of meeting the requirements of IAS 19.

The Company estimates that it will pay £1 million of ordinary employer contributions during 2026 for its defined benefit schemes, together with £1 million of contributions paid via the salary sacrifice arrangement.

For details of the weighted average duration of the liabilities of the Registered Pension Schemes, see note 22 of the Group consolidated Financial Statements.

(e) Pension scheme assets

The market values of plan assets were:

	2025			2024		
31 December	**Quoted £m**	**Unquoted £m**	**Total £m**	Quoted £m	Unquoted £m	Total £m
Equities	**55**	**416**	**471**	19	491	510
Corporate bonds (i)	**435**	**—**	**435**	12	—	12
High-yield debt	**15**	**945**	**960**	14	1,063	1,077
Liability matching assets	**2,430**	**—**	**2,430**	2,388	—	2,388
Other long-dated income assets	**—**	**913**	**913**	—	1,025	1,025
Property	**—**	**287**	**287**	—	303	303
Cash pending investment	**110**	**—**	**110**	248	—	248
Asset-backed contribution assets	**—**	**344**	**344**	—	408	408
Group pension scheme assets (ii)	**3,045**	**2,905**	**5,950**	2,681	3,290	5,971

	2025 £m	2024 £m
Company share of the above	**798**	804

(i) Corporate bonds includes investment grade asset-backed securities.
(ii) Total pension scheme assets, including asset-backed contribution assets not recognised in the Group consolidated Financial Statements.

XV. COMMITMENTS AND FINANCIAL GUARANTEES

At 31 December 2025, the Company had commitments of £22 million (2024: £37 million) relating to contracts for outsourced services, £221 million (2024: £162 million) relating to other contracts and £7 million (2024: £6 million) relating to contracts for property services.

The Company has provided guarantees and letters of credit relating to its subsidiaries' trading activities and decommissioning obligations. At 31 December 2025, the Group has derivative liabilities of £1,036 million (2024: £1,387 million), and decommissioning liabilities of £1,302 million (2024: £1,459 million). See notes 19 and 21 to the Group consolidated Financial Statements for further information on these balances.

As at 31 December 2025, £902 million (2024: nil) of letters of credit have been issued in respect of commitments to invest in Sizewell C (Holding) Limited by the Company. See note 23(a) to the Group consolidated Financial Statements for further details on commitments.

XVI. RELATED PARTIES

During the year the Company accepted cash deposits on behalf of the Spirit Energy group of companies giving rise to a trade and other payables balance of £1,754 million (2024: £1,621 million) at 31 December 2025. This balance is unsecured and repayable on demand. The Company also recognised an interest cost of £72 million (2024: £78 million) in its Income Statement in respect of this balance. Spirit Energy Limited is a subsidiary of the Company, held indirectly, that is not wholly owned.

XVII. EVENTS AFTER THE BALANCE SHEET DATE

The events after the balance sheet date disclosed by the Group are also applicable to the Company. See note 27 to the Group consolidated Financial Statements for further information.

Gas and Liquids Reserves (unaudited)

The Group's estimates of reserves of gas and liquids are reviewed as part of the full year reporting process and updated accordingly.

A number of factors affect the volumes of gas and liquids reserves, including the available reservoir data, commodity prices and future costs. Due to the inherent uncertainties and the limited nature of reservoir data, estimates of reserves are subject to change as additional information becomes available.

The Group discloses 2P gas and liquids reserves, representing the central estimate of future hydrocarbon recovery. Reserves for Centrica operated fields are estimated by in-house technical teams composed of geoscientists and reservoir engineers. Reserves for non-operated fields are estimated by the operator but are subject to internal review and challenge.

As part of the internal control process related to reserves estimation, an assessment of the reserves, including the application of the reserves definitions, is undertaken by an independent technical auditor. An annual reserves assessment has been carried out by RISC Advisory for the Group's global reserves. Reserves are estimated in accordance with a formal policy and procedure standard.

The Group has estimated 2P gas and liquids reserves in Europe.

The principal retained fields in Spirit Energy are Morecambe Hub, Clipper South, Galleon and Eris & Ceres. The principal non-Spirit Energy field is Rough. The European reserves estimates are consistent with the guidelines and definitions of the Society of Petroleum Engineers, the Society of Petroleum Evaluation Engineers and the World Petroleum Council's Petroleum Resources Management System using accepted principles.

Estimated net 2P reserves of gas (billion cubic feet)	Spirit Energy (i)	Rough	**Total**
1 January 2025	175	14	**189**
Revisions of previous estimates (ii)	24	—	**24**
Disposals(iii)	(79)	—	**(79)**
Production (iv)	(28)	(6)	**(34)**
31 December 2025	92	8	**100**

Estimated net 2P reserves of liquids (million barrels)	Spirit Energy (i)	Rough	**Total**
1 January 2025	1	—	**1**
Production (iv)	(1)	—	**(1)**
31 December 2025	—	—	**—**

Estimated net 2P reserves (million barrels of oil equivalent)	Spirit Energy (i)	Rough	**Total**
31 December 2025 (v)	16	1	**17**

(i) The movements represent Centrica's 69% interest in Spirit Energy.
(ii) Revision of previous estimates include those associated with Morecambe Hub and Cygnus.
(iii) Disposals relate to the disposal of part of Spirit Energy's interest in the Cygnus gas field to Ithaca. Reserves relating to the Spirit Energy disposal group held for sale are included in the closing balance as at 31 December 2025. See note 12.
(iv) Represents total sales volumes of gas and liquids produced from the Group's reserves.
(v) Includes the total of estimated gas and liquids reserves at 31 December 2025 in million barrels of oil equivalent.

Liquids reserves include oil, propane, butane, condensate and natural gas liquids.

Five Year Summary (unaudited)

Year ended 31 December	2021 (restated) (i)	2022 (restated) (i)	2023 (restated) (i)	2024 (restated) (i)	**2025 £m**
Total Group revenue included in business performance	18,300	33,637	33,374	24,636	**22,365**
Operating profit before exceptional items and certain re-measurements:					
Retail (i)	206	34	808	458	**424**
Optimisation (i)	66	1,481	831	339	**155**
Infrastructure (i)	676	1,816	1,121	799	**314**
Colleague profit share	—	(23)	(8)	(25)	**(34)**
Meter asset provider consolidation adjustment	—	—	—	(19)	**(45)**
	948	3,308	2,752	1,552	**814**
Exceptional items and certain re-measurements after taxation	866	(2,755)	2,165	322	**(606)**
Profit/(loss) attributable to equity holders of the parent	1,210	(782)	3,929	1,332	**(72)**

	Pence	Pence	Pence	Pence	**Pence**
Earnings per ordinary share	20.7	(13.3)	70.6	25.7	**(1.5)**
Adjusted earnings per ordinary share	4.1	34.9	33.4	19.0	**11.2**
Dividend per ordinary share in respect of the year	—	3.0	4.0	4.5	**5.5**

ASSETS AND LIABILITIES

31 December	2021 £m	2022 £m	2023 £m	2024 £m	**2025 £m**
Goodwill and other non-current intangible assets	1,161	1,116	745	796	**822**
Other non-current assets	6,040	7,234	4,555	3,793	**4,086**
Net current assets/(liabilities)	1,465	(1,023)	4,930	5,242	**3,210**
Non-current liabilities	(6,360)	(6,047)	(5,997)	(5,019)	**(4,685)**
Net assets of disposal groups held for sale	444	—	—	—	**63**
Net assets	2,750	1,280	4,233	4,812	**3,496**
Adjusted net cash (note 25)	680	1,199	2,744	2,858	**1,487**

CASH FLOWS

Year ended 31 December	2021 £m	2022 £m	2023 £m	2024 £m	**2025 £m**
Net cash flow from operating activities before exceptional payments	1,687	1,338	2,758	1,155	**733**
Payments relating to exceptional charges in operating costs	(76)	(24)	(6)	(6)	**(38)**
Net cash flow from investing activities	2,263	(566)	115	493	**(690)**
Net cash flow before cash flow from financing activities	3,874	748	2,867	1,642	**5**

(i) Results have been restated to reflect the new operating structure of the Group, effective during 2025. See note 1(d) for further details.

Shareholder information

General enquiries

Centrica's share register is administered and maintained by Equiniti, our Registrar, whom you can contact directly if you have any questions about your shareholding which are not answered here or on our website. You can contact Equiniti using the following details:

Address: Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, UK

Telephone: +44 (0)371 384 2985*

Contact: help.shareview.co.uk

Website: equiniti.com

* Calls to an 03 number cost no more than a national rate call to an 01 or 02 number. Lines open 8.30am to 5.30pm, Monday to Friday (UK time), excluding public holidays in England and Wales.

When contacting Equiniti or registering via shareview.co.uk, you should have your shareholder reference number to hand. This can be found on your share certificate, dividend confirmation or any other correspondence you have received from Equiniti.

Together with Equiniti, we have introduced an electronic queries service to enable our shareholders to manage their investment at a convenient time. Details of this service can be found at shareview.co.uk.

Dividend

As communicated previously, dividends are now paid only by direct transfer to your bank or building society account, rather than by cheque. This is faster, more secure and better for the environment.

If you have not already done so, please provide Equiniti with your bank or building society account details. You can do this online at shareview.co.uk or by telephoning Equiniti on +44 (0)371 384 2985.

American Depositary Receipt (ADR)

We have an ADR programme, trading under the symbol CPYYY. Centrica's ratio is one ADR being equivalent to four ordinary shares. Further information is available on our website or please contact:

Regular mail delivery address: BNY Mellon Shareowner Services, PO Box 43006, Providence, RI 02940-3006, USA

Overnight, certified, registered delivery address: BNY Mellon Shareowner Services, 150 Royall Street, Suite 101, Canton, MA 02021, USA

Email: shrrelations@cpshareownerservices.com

Website: mybnymdr.com

Telephone: +1 888 269 2377 (toll-free in the US)

Outside the US: +1 201 680 6825

Manage your shares online

We actively encourage our shareholders to receive communications via email and view documents electronically via our website, centrica.com. Receiving communications and documents electronically reduces our environmental impact and saves your Company money. If you sign up for electronic communications, you will receive an email to notify you that new shareholder documents are available to view online, including the Annual Report and Accounts, on the day it is published.

You will also receive alerts to let you know that you can cast your Annual General Meeting (AGM) vote online. You can manage your shareholding online by registering at shareview.co.uk, a free online platform provided by Equiniti, which allows you to:

- View information about your shareholding;
- Update your personal details and your bank account details; and
- Appoint a proxy for the AGM.

Centrica FlexiShare

FlexiShare is an easy way to hold Centrica shares without a share certificate. Whilst your shares are held by a nominee company, Equiniti Financial Services Limited, you are able to attend and vote at general meetings as if the shares were held in your own name. Holding your shares in this way is free and gives you:

- Low cost share dealing rates (full details of which are available on centrica.com, together with dealing charges);
- Quicker settlement periods for buying and selling shares; and
- No paper share certificates to store.

Centrica website

The Shareholder Centre on our website contains a wide range of information including a dedicated investors section where you can find further details about shareholder services including:

- Share price information;
- Dividend history;
- Telephone and internet share dealing;
- Downloadable shareholder forms; and
- Taxation.

This Annual Report and Accounts can also be viewed online by visiting centrica.com/ar25.

ShareGift

If you have a small number of shares and the dealing costs or the minimum fee make it uneconomical to sell, it is possible to donate them to ShareGift, a registered charity, which provides a free service to enable you to dispose charitably of such shares.

More information on this service can be found at sharegift.org or by calling +44 (0)20 7930 3737.

Financial calendar

Ex-dividend date for 2025 final dividend	9 April 2026
Record date for 2025 final dividend	10 April 2026
Annual General Meeting (AGM)	7 May 2026
Payment of 2025 final dividend	14 May 2026

For more information on Centrica's financial calendar, please visit centrica.com/investors/financial-calendar.

Additional information – explanatory notes (unaudited)

Definitions and reconciliation of adjusted performance measures

Centrica's 2025 consolidated Financial Statements include a number of non-GAAP measures. These measures are chosen as they provide additional useful information on business performance and underlying trends. They are also used to measure the Group's performance against its strategic financial framework. They are not however, defined terms under IFRS and may not be comparable with similarly titled measures reported by other companies. Where possible they have been reconciled to the statutory equivalents from the primary statements (Group Income Statement (I/S), Group Balance Sheet (B/S), Group Cash Flow Statement (C/F)) or the notes to the Financial Statements.

Adjusted revenue, adjusted gross margin, adjusted operating profit and adjusted earnings have been defined and reconciled separately in notes 2, 4 and 10 to the Financial Statements where further explanation of the measures is given. Additional performance measures are used within these Financial Statements to help explain the performance of the Group and these are defined and reconciled below. Further information has been provided to help readers when reconciling between different parts of the consolidated Group Financial Statements, and when reconciling cash flow measures to the Group Cash Flow Statement.

Adjusted EBITDA

Adjusted EBITDA is a business performance measure of operating profit, after adjusting for depreciation and amortisation. It provides a clear view of operating performance before accounting adjustments, such as depreciation, and is a more relevant performance metric as the Group continues to invest in growing its portfolio.

Year ended 31 December	Notes	2025 £m	2024 £m	Change
Group operating profit	I/S	**106**	1,703	
Exceptional items before taxation	7	**405**	128	
Certain re-measurements before taxation	7	**303**	(279)	
Share of interest, taxation, depreciation and amortisation of joint ventures and associates	6	**164**	257	
Depreciation and impairments of property, plant and equipment [(i)]	4	**348**	409	
Amortisation and impairments of intangibles [(i)]	4	**91**	87	
Group total adjusted EBITDA		**1,417**	2,305	(39)%
Less: share of EBITDA relating to joint ventures and associates	6	**(322)**	(513)	
Group total adjusted EBITDA excluding share of EBITDA from joint ventures and associates		**1,095**	1,792	(39)%

(i) These line items relate to business performance only.

Definitions and reconciliation of adjusted performance measures

Free cash flow

Free cash flow is used by management to assess the cash-generating performance of the business after taking account of the need to maintain its capital asset base. Free cash flow is defined as net cash flow from operating and investing activities before:

- Deficit reduction payments made to the UK defined benefit pension schemes;
- Movements in variation margin and collateral;
- Interest received; and
- Sale, settlement and purchase of securities.

By excluding deficit reduction payments and movements in variation margin and collateral, which are predominantly triggered by wider market factors and, in the case of collateral and margin movements, represent timing differences, free cash flow gives a measure of the underlying performance of the Group.

Interest received and cash flows from the sale, settlement and purchase of securities are excluded from free cash flow as these items are included in the Group's adjusted net cash/(debt) measure and are therefore viewed by the Directors as related to the manner in which the Group finances its operations.

The below table shows the reconciliation between net cash flow from operating and investing activities to Group total free cash flow:

Year ended 31 December	Notes	2025 £m	2024 £m
Net cash flow from operating activities	C/F	**695**	1,149
Net cash flow from investing activities	C/F	**(690)**	493
Total cash flow from operating and investing activities		**5**	1,642
Reconciling items:			
UK pension deficit payments	22	**150**	176
Movements in variation margin and collateral	25	**(51)**	(131)
Interest received	C/F	**(227)**	(317)
Settlement of securities	C/F	**(57)**	(400)
Purchase of securities	C/F	**13**	19
Group total free cash flow		**(167)**	989

The below table shows how adjusted EBITDA reconciles to net cash flow from operating activities, adjusted operating cash flow, and free cash flow:

Year ended 31 December	Notes	2025 £m	2024 £m
Group total adjusted EBITDA excluding share of EBITDA from joint ventures and associates		**1,095**	1,792
Group operating (loss)/profit, including results relating to joint ventures and associates, from exceptional items and certain re-measurements	I/S	**(708)**	151
Impairments included in exceptional items	7	**508**	75
Gain on disposals	C/F	**(74)**	(4)
(Decrease)/increase in provisions	C/F	**(129)**	110
Cash contributions to defined benefit schemes in excess of service cost income statement charge	C/F	**(150)**	(208)
Employee share scheme costs	C/F	**56**	47
Unrealised losses arising from re-measurement of energy contracts	C/F	**362**	96
Net movement in working capital	C/F	**164**	(252)
Taxes paid	C/F	**(375)**	(636)
Operating interest paid	C/F	**(16)**	(16)
Payments relating to exceptional charges in operating profit	C/F	**(38)**	(6)
Net cash flow from operating activities		**695**	1,149
Dividends received from joint ventures and associates	C/F	**135**	355
UK pension deficit payments	22	**150**	176
Movements in variation margin and collateral	25	**(51)**	(131)
Group total adjusted operating cash flow		**929**	1,549
Purchase of businesses and assets, net of cash acquired	C/F	**(22)**	(92)
Sale of businesses and interests in joint operations, including receipt of deferred consideration	C/F	**119**	4
Purchase of property, plant and equipment and intangible assets	C/F	**(554)**	(416)
Sale of property, plant and equipment and intangible assets	C/F	**12**	—
Investments in joint ventures and associates	C/F	**(609)**	—
Net purchase of other investments	C/F	**(42)**	(56)
Group total free cash flow		**(167)**	989

Definitions and reconciliation of adjusted performance measures

The below table shows the reconciliation from net movement in working capital to adjusted net movement in working capital:

Year ended 31 December	Notes	2025 £m	2024 £m
Decrease in inventories	C/F	**546**	164
Decrease in trade and other receivables and contract-related assets relating to business performance	C/F	**413**	241
Decrease in trade and other payables and contract-related liabilities relating to business performance	C/F	**(795)**	(657)
Net movement in working capital		**164**	(252)
Add back/(deduct) movements in collateral included within working capital	25	**93**	(47)
Other reconciling items:			
Increase/(decrease) in provisions related to business performance, excluding payments related to decommissioning provisions (i)		**7**	(5)
Unrealised (gains)/losses arising from re-measurement of energy contracts relating to business performance		**(120)**	429
Operating interest paid	C/F	**(16)**	(16)
Other (ii)		**55**	15
Adjusted net movement in working capital		**183**	124

(i) Increase/(decrease) in provisions related to business performance excludes payments related to decommissioning provisions of £71 million (2024: £80 million).
(ii) Other includes employee share scheme costs of £56 million (2024: £47 million) and cash contributions to defined benefit schemes in excess of service cost income statement charge of £(150) million (2024: £(208) million), excluding the impact of pension benefit payments of £150 million (2024: £176 million).

Group net investment

With an increased focus on cash generation, capital discipline and managing adjusted net cash/(debt), Group net investment provides a measure of the Group's capital expenditure from a cash perspective and allows the Group's capital discipline to be assessed.

Year ended 31 December	Notes	2025 £m	2024 £m	Change
Capital expenditure (i)		**1,227**	564	
Net disposals (ii)		**(131)**	(4)	
Group net investment		**1,096**	560	96%
Dividends received from joint ventures and associates	C/F	**(135)**	(355)	
Interest received	C/F	**(227)**	(317)	
Settlement of securities	C/F	**(57)**	(400)	
Purchase of securities	C/F	**13**	19	
Net cash flow from investing activities	C/F	**690**	(493)	(240)%

(i) Capital expenditure is the net cash flow on capital expenditure, purchases of businesses, assets and other investments, and investments in joint ventures and associates. See table (a).
(ii) Net disposals is the net cash flow from sales of businesses and interests in joint operations, and property, plant and equipment and intangible assets. See table (b).

Group net investment is capital expenditure including acquisitions less net disposals. It excludes cash flows from investing activities not associated with capital expenditure as detailed in the table above.

(a) Capital expenditure

Year ended 31 December	Notes	2025 £m	2024 £m	Change
Purchase of property, plant and equipment and intangible assets	C/F	**554**	416	
Purchase of businesses and assets, net of cash acquired	C/F	**22**	92	
Investments in joint ventures and associates	C/F	**609**	—	
Net purchase of other investments	C/F	**42**	56	
Capital expenditure		**1,227**	564	118%

(b) Net disposals

Year ended 31 December	Notes	2025 £m	2024 £m	Change
Sale of businesses and interests in joint operations, including receipt of deferred consideration	C/F	**(119)**	(4)	
Sale of property, plant and equipment and intangible assets	C/F	**(12)**	—	
Net disposals		**(131)**	(4)	3,175%

Definitions and reconciliation of adjusted performance measures

The following tables provide additional information to help readers when reconciling between different parts of the consolidated Group Financial Statements, and the Group Cash Flow Statement.

Reconciliation from free cash flow to change in adjusted net cash

Year ended 31 December	Notes	2025 £m	2024 £m
Group total free cash flow		**(167)**	989
Financing interest paid	C/F	**(181)**	(283)
Interest received	C/F	**227**	317
Premium paid on debt repurchase	8	**—**	(68)
UK pension deficit payments	22	**(150)**	(176)
Payments for own shares	C/F	**(9)**	(8)
Share buyback programme	C/F	**(827)**	(499)
Equity dividends paid	C/F	**(237)**	(219)
Movements in variation margin and collateral	25	**51**	131
Cash flows affecting adjusted net cash		**(1,293)**	184
Non-cash movements in adjusted net cash		**(78)**	(70)
Change in adjusted net cash		**(1,371)**	114
Opening adjusted net cash	25	**2,858**	2,744
Closing adjusted net cash	25	**1,487**	2,858

Reconciliation of adjusted net cash to unadjusted net cash

Adjusted net cash is a business performance measure used by management to assess the underlying indebtedness of the business.

Year ended 31 December	Notes	2025 £m	2024 £m
Adjusted net cash	25	**1,487**	2,858
Less: current and non-current securities	25	**(107)**	(139)
Unadjusted net cash		**1,380**	2,719

Depreciation, amortisation and impairments

Year ended 31 December	Notes	2025 £m	2024 £m
Movement from depreciation, amortisation and impairments, from exceptional items included in the Group Cash Flow Statement		**508**	75
Comprised of:			
Impairment of power assets	7	**264**	75
Impairment of gas field assets	7	**244**	—
Movement from depreciation and amortisation, from business performance included in the Group Cash Flow Statement		**439**	496
Comprised of:			
Business performance property, plant and equipment depreciation	4	**343**	387
Business performance property, plant and equipment impairments	4	**5**	22
Business performance intangibles amortisation	4	**85**	86
Business performance intangibles impairments	4	**6**	1
Movement from depreciation, amortisation and impairments included in the Group Cash Flow Statement		**947**	571

Definitions and reconciliation of adjusted performance measures

Reconciliation of receivables and payables to the Group Cash Flow Statement

Year ended 31 December	Notes	2025 £m	2024 £m
Receivables opening balance	B/S	**5,383**	5,619
Less: receivables closing balance	B/S	**(4,929)**	(5,383)
Payables (including insurance contract liabilities) opening balance	B/S	**(6,742)**	(7,372)
Less: payables (including insurance contract liabilities) closing balance	B/S	**5,841**	6,742
Net movement in receivables and payables		**(447)**	(394)
Non-cash changes, and other reconciling items:			
Movement in share buyback liability		**61**	19
Business acquisitions and disposals (including transfers to disposal groups held for sale)		**14**	(28)
Movement in capital creditors		**(10)**	(20)
Movement in ROCs and emission certificate intangible assets		**31**	(26)
Other movements (including foreign exchange movements)		**(31)**	33
Non-cash changes, and other reconciling items		**65**	(22)
Movement in trade and other receivables, trade and other payables and contract-related assets/liabilities relating to business performance	C/F	**(382)**	(416)

Pensions

Year ended 31 December	Notes	2025 £m	2024 £m
Cash contributions to defined benefit schemes in excess of service cost income statement charge	C/F	**(150)**	(208)
Ordinary employer contributions	22	**(29)**	(51)
UK pension deficit payments	22	**(150)**	(176)
Contributions by employer in respect of employee salary sacrifice arrangements	22	**(17)**	(24)
Total current service cost, including salary sacrifice	22	**35**	42
Past service cost	22	**3**	—
Termination cost	22	**8**	1

People and Planet – Performance measures

In 2025, we engaged DNV Business Assurance Services UK Limited (DNV) to conduct an independent limited assurance engagement using the International Standard on Assurance Engagements (ISAE) 3000 (Revised): 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information'. DNV has provided an unqualified opinion in relation to five KPIs that are identified with the symbol '†' and feature on pages 1, 31, 45, 55, 56, 253 and 255. It is important to read the responsible business information in the Annual Report and Accounts 2025 in the context of DNV's full limited assurance statement and Centrica's Basis of Reporting, which are available at **centrica.com/assurance**

— **Read more** about our People & Planet Plan on pages 42 to 57

— **Read more** about our wider non-financial performance at **centrica.com/performanceandreports**

Progress against our People & Planet Plan

Key | Progress against goals: On track Behind

Goal	Milestone	2025 Progress	2024 Progress
Create an engaged team that reflects the full diversity of the communities we serve by 2030 – this means all company and senior leaders to be: (i) • 48% women • 18% ethnically diverse • 20% disability • 3% LGBTQ+ • 4% ex-service	By the end of 2025: • 40% women • 16% ethnically diverse • 10% disability • 3% LGBTQ+ • 3% ex-service	**All company: (ii)** **• 30% women** **– 43% excluding Field engineers** **• 16% ethnically diverse** **• 6% disability** **• 4% LGBTQ+** **• 2% ex-service** **Senior leaders: (ii)** **• 34% women** **– 34% excluding Field engineers** **• 10% ethnically diverse** **• 6% disability** **• 2% LGBTQ+** **• 3% ex-service**	All company: (ii) • 31% women – 41% excluding Field engineers • 16% ethnically diverse • 6% disability • 4% LGBTQ+ • 2% ex-service Senior leaders: (ii) • 34% women – 31% excluding Field engineers • 10% ethnically diverse • 5% disability • 2% LGBTQ+ • 2% ex-service
Recruit 3,500 apprentices and provide career development opportunities for under-represented groups by 2030 (base year 2021)	2,000 apprentices by the end of 2025	**1,947 apprentices**	1,537 apprentices
Inspire colleagues to give 100,000 days to build inclusive communities by 2030 (base year 2019)	35,000 days by the end of 2025	**42,104 days**	31,639 days
Help our customers be net zero by 2050 (iii) (base year 2019)	28% greenhouse gas (GHG) intensity reduction by the end of 2030	**18% reduction**	10% reduction (iv)
Be a net zero business by 2040 (v) (base year 2019)	50% GHG reduction by the end of 2032	**25% reduction †**	18% reduction

† Included in DNV's independent limited assurance report. See above or centrica.com/assurance for more.

(i) Aligns with latest 2021 Census data for working populations.

(ii) Beyond gender, 2025 data is based on colleague voluntary disclosure of 94% ethnically diverse, 53% disability, 61% LGBTQ+ and 4% ex-service. For 2024, this was 94% ethnically diverse, 51% disability, 59% LGBTQ+ and 4% ex-service. All company relates to everyone who works for Centrica. Senior leaders include colleagues above general management and spans senior leaders, the Centrica Leadership Team and the Board.

(iii) Net zero goal measures the GHG intensity of our customers' energy use including electricity and gas with a 2019 base year of 182gCO_2e/kWh. Target is normalised to reflect acquisitions and divestments in line with changes in Group customer base. It's also aligned to the Paris Agreement and based on science to limit global warming, corresponding to a well below 2°C pathway initially and 1.5°C by mid-century.

(iv) Restated due to availability of improved data.

(v) Our updated Climate Transition Plan published at the start of 2025, accelerated and replaced our outgoing goal to be net zero by 2045 (40% reduction in GHG emissions by the end of 2034). The goal measures Scope 1 (direct) and 2 (indirect) GHG emissions based on operator boundary. Comprises emissions from all operated assets and activities including the shipping of Liquefied Natural Gas (LNG) alongside the Spirit Energy assets in the UK and the Netherlands. Non-operated nuclear emissions are excluded. Target is normalised to reflect acquisitions and divestments in line with changes in Group structure against a 2019 base year of 2,120,446tCO_2e. It's also aligned to the Paris Agreement and based on science to limit global warming, corresponding to a well below 2°C pathway initially and 1.5°C by 2040.

Progress against our Foundations

People

Metric	2025	2024	What's next
Customers			
Home Energy Supply UK Touchpoint Net Promoter Score (NPS) (i)	**+33**	+29	Continue to invest in customer service and deliver energy, services and solutions that energise a greener, fairer future for all
Home Services UK Engineer NPS (i)	**+76**	+73	
Business UK Touchpoint NPS (i)	**+37**	+28	
Home Energy Supply complaints per UK customer (ii)	**8.1%**	10.1%	Maintain focus on driving down complaints by acting on customer feedback to improve experience
Home Services complaints per UK customer (ii)	**4.8%**	5.3%	
Business complaints per UK site (ii)	**5.2%**	5.8%	
Customer safety incident frequency rate per 1m jobs completed	**1.18**	1.15	Keep customers safe by following controls and encouraging customers to maintain distance from work areas

(i) Measured independently, through individual questionnaires, the customer's willingness to recommend British Gas following contact or a Home Services gas engineer visit.
(ii) Measured as a percentage of average customers over the year, UK only.

Metric	2025	2024	What's next
Colleagues			
Colleague engagement (i)	**7.9**	8.1	Work to strengthen colleague engagement by helping individuals feel connected to our Purpose and strategy whilst cultivating a supportive and inclusive workplace, that empowers everyone to deliver for our customers
Gender pay gap (ii)	**16% median**	13% median	Reduce our pay gaps by building a diverse and inclusive team through our People & Planet Plan and associated Diversity, Equity and Inclusion open letter commitments
	13% mean	13% mean	
Gender bonus gap (iii)	**28% median**	20% median	
	43% mean	48% mean	
Ethnicity pay gap (ii) (iv)	**7% median**	7% median	
	10% mean	10% mean	
Ethnicity bonus gap (iii) (iv)	**28% median**	21% median	
	23% mean	–12% mean	
Retention	**89%**	91%	Improve retention through our focus on talent development and targeted action plans whilst continuing to build a supportive and inclusive culture
Absence (v)	**13 days**	12 days	Reduce absence through effective management practices alongside proactive support and education via our comprehensive health and wellbeing suite of support
Total recordable injury frequency rate (TRIFR) per 200,000 hours worked	**0.61**	0.63	Reduce TRIFR and LTIFR by reinforcing a strong safety culture among colleagues and contractors, with a focus on strengthening preventative behaviours and following procedures, controls and monitoring
Lost time incident frequency rate (LTIFR) per 200,000 hours worked	**0.37**	0.38	
Process safety incident frequency rate (Tier 1 and 2) per 200,000 process safety hours worked	**0.12**	0.21 (vi)	Maintain robust operational controls and operator competencies, safety-critical maintenance programmes and management of contractors working with process safety risk
Significant process safety events (Tier 1)	**1**	1	
Fatalities	**0**	0	Maintain zero fatalities

(i) Based on an average score out of 10, measuring how colleagues feel about the Company.
(ii) Based on hourly rates of pay for all employees at full pay (including bonus and allowances) at the snapshot dates of 5 April 2024 and 2025. Read our Gender and Ethnicity Pay Statement to find out more at centrica.com/pay.
(iii) Includes anyone receiving a bonus during the 12-month period leading up to the pay gap snapshot date and who are still employed on the snapshot date.
(iv) Based on 77% of colleagues in 2024-25 who confirmed whether they are from a Black, Asian or Mixed/Other ethnic group. A negative number indicates the bonus gap is in favour of ethnically diverse colleagues.
(v) Relates to absence from sickness rather than wider forms of absence such as bereavement. Scope based on UK where the majority of our team are located due to absence being tracked differently across geographies.
(vi) Restated due to availability of improved data.

Metric	2025	2024	What's next
Communities			
Total community contributions	**£510.2m** (i)	£603.3m (ii)	Continue to make a big difference across our local communities – from helping people with their energy bills and emissions, to volunteering and fundraising for local causes that colleagues care passionately about
On the ground site audits completed	**35**	27	Continue to monitor and raise standards across our supply chain to reduce risk and guard against modern slavery, focusing on enhancing engagement and controls
Sites completing remote worker surveys	**5**	7	
Colleagues committed to Our Code	**97%**	99%	Ensure all colleagues uphold Our Code as part of our commitment to doing the right thing and acting with integrity

(i) Comprises £505.4m in mandatory and £42.8k in voluntary contributions to support vulnerable customers and communities, alongside £4.8m in charitable donations which includes £3.1m in corporate donations, £1.3m in time to volunteer during work and £0.3m in third party contributions such as fundraising and payroll giving. Sum of constituent parts does not align with total due to rounding.

(ii) Comprises £596.8m in mandatory and £1.4m in voluntary contributions to support vulnerable customers and communities, alongside £5.1m in charitable donations which includes £3.4m in corporate donations, £1.3m in time to volunteer during work and £0.3m in third party contributions such as fundraising and payroll giving. Restated due to availability of improved data and changes in methodology to align with best practice, incorporating cost of during work time volunteering and core fundraising. Sum of constituent parts does not align with total due to rounding.

Planet

Metric	2025	2024	What's next
Greenhouse gas (GHG) and energy use			
Total GHG emissions (Scope 1 and 2) (i)	**1,580,933tCO_2e** (ii) †	1,732,328tCO_2e (iii) (iv)	Measure and reduce emissions to achieve our People & Planet Plan goals of being a net zero business by 2040 and helping our customers be net zero by 2050, enabled through the delivery of our Climate Transition Plan and associated climate ambitions
Scope 1 emissions	**1,571,517tCO_2e** (v) †	1,725,987tCO_2e (iii) (vi)	
Scope 2 emissions	**9,415tCO_2e** (vii) †	6,341tCO_2e (iii) (viii)	
Scope 3 emissions (ix)	**18,294,835tCO_2e**	21,860,510tCO_2e	
Total GHG intensity by revenue (x)	**81tCO_2e/£m** (xi)	87tCO_2e/£m (xii)	Analyse the impact of our strategy on decoupling GHG emissions from value creation
Total energy use	**7,177,638,803kWh** (xiii) †	7,925,163,679kWh (xiv)	Remain focused on energy efficiency as we strive to be a net zero business by 2040
Water, waste and non-compliance			
Total water use	**348,958m^3**	357,260m^3	Effectively monitor, manage and reduce our water use and waste production, as well as our incidence of environmental non-compliance
Total waste generated	**23,109 tonnes**	16,651 tonnes	
Environmental non-compliance (xv)	**12**	2	

Reporting practices for environmental metrics are drawn from the WRI/WBCSD Greenhouse Gas Protocol and Defra's Environmental Reporting Guidelines. Reporting is additionally based on operator boundary which is the more commonly used approach for reporting environmental matters, and includes all emissions from our shipping activities relating to LNG alongside the retained Spirit Energy assets in the UK and Netherlands. Non-operated nuclear emissions are excluded.

† Included in DNV's independent limited assurance report. See page 253 or centrica.com/assurance for more.

(i) Comprises Scope 1 and Scope 2 emissions as defined by the Greenhouse Gas Protocol.

(ii) Comprises UK 604,640tCO_2e and non-UK 976,293tCO_2e.

(iii) Included in DNV's limited assurance scope for the Annual Report 2024. See centrica.com/performanceandreports for our 2024 Basis of Reporting and DNV's 2024 Assurance Statement. Although there were no material changes to reported data, previous figures included in DNV's limited assurance scope have subsequently been restated due to availability of improved data and were as follows: Total GHG emissions (Scope 1 and 2): 1,733,882tCO_2e, Scope 1: 1,726,177tCO_2e and Scope 2: 7,706tCO_2e.

(iv) Comprises UK 579,094tCO_2e and non-UK 1,153,234tCO_2e.

(v) Comprises UK 595,709tCO_2e and non-UK 975,808tCO_2e.

(vi) Comprises UK 572,985tCO_2e and non-UK 1,153,002tCO_2e.

(vii) Market-based, comprises UK 8,931tCO_2e and non-UK 485tCO_2e. Sum of constituent parts does not align with total due to rounding. Location-based is 16,492tCO_2e.

(viii) Market-based, comprises UK 6,109tCO_2e and non-UK 232tCO_2e. Location-based is 17,347tCO_2e.

(ix) Includes emissions from the following Scope 3 categories defined by the Greenhouse Gas Protocol: purchased goods and services, capital goods, fuel and energy-related activities, waste generated in operations, business travel, employee commuting, upstream and downstream transportation and distribution, use of sold product and investments. All emissions are calculated in line with the methodologies set out by the Greenhouse Gas Protocol's technical guidance. Other categories spanning upstream leased assets, processing of sold products, end-of-life treatment of sold product, downstream leased assets and franchises, are not included because they are not relevant to our business.

(x) Carbon intensity of revenue is employed as our intensity measure because it is the most meaningful intensity measure for our diverse business and is the most widely used and understood measure for climate-related stakeholders such as CDP. Based on statutory revenue.

(xi) Comprises UK 38tCO_2e/£m and non-UK 266tCO_2e/£m.

(xii) Comprises UK 36tCO_2e/£m and non-UK 314tCO_2e/£m. Non-UK value has been restated due to availability of improved data.

(xiii) Comprises UK & Offshore 2,006,825,467kWh and non-UK energy use 5,170,813,337kWh. Sum of constituent parts does not align with total due to rounding.

(xiv) Included in DNV's limited assurance scope for the Annual Report 2024. See centrica.com/performanceandreports for our 2024 Basis of Reporting and DNV's 2024 Assurance Statement. Comprises UK & Offshore 1,812,987,689kWh and non-UK energy use 6,112,175,991kWh. Sum of constituent parts does not align with total due to rounding.

(xv) Includes breaches of environmental authorisation including permit, licence and consent coupled with wider environmental legislation where we are either required to notify the regulator or where an authority or regulator is involved. The majority of incidents relate to offshore activities and did not result in legal action.

Glossary

$	Refers to US dollars unless specified otherwise
2P reserves	Proven and probable reserves
AGM	Annual General Meeting
AI	Artificial Intelligence
AIP	Annual Incentive Plan
bcf	Billion cubic feet
CHP	Combined Heat and Power
CLT	Centrica Leadership Team
CO_2e	Universal unit of measurement of the global warming potential (GWP) of greenhouse gases (GHG) expressed in terms of the GWP of one unit of CO_2e (carbon dioxide equivalent)
CPI	Consumer Price Index
CSRD	Corporate Sustainability Reporting Directive
Data analytics	The process of examining data sets to draw conclusions and insights about the information they contain
DE&I	Diversity, Equity and Inclusion
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBT	Employee Benefit Trust
EPS	Earnings per share
ESG	Environmental, Social & Governance
Ethnically diverse	Colleagues from a Black, Asian, Mixed or other ethnic background
EV	Electric vehicle
EU	European Union
FCA	Financial Conduct Authority
FCF	Free cash flow
FRC	Financial Reporting Council
FRS	Financial Reporting Standards
GAAP	Generally Accepted Accounting Practice
GHG	Greenhouse gas emissions
GM	Gross margin
GMB	Trade union
GRCCF	Group Risk, Control and Compliance Forum
Green jobs	Jobs that have a direct positive impact on the planet
Green skills	Ability to install, repair or maintain products such as heat pumps, EV chargers and smart meters
GW	Gigawatt
GWh	Gigawatt hour
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
KPIs	Key performance indicators
kWh	Kilowatt hour
LGBTQ+	Lesbian, Gay, Bisexual, Trans and Queer/Questioning plus. The 'plus' is inclusive of other groups such as asexual, intersex and questioning
LNG	Liquefied natural gas
LTIFR	Lost time injury frequency rate
LTIP	Long-Term Incentive Plan
Malus & Clawback	Malus and clawback are contractual mechanisms allowing companies to reduce or recover executive compensation (bonuses/incentives) following misconduct or poor performance. Malus reduces unvested, unpaid rewards, while clawback recovers cash or shares already paid. Both aim to align pay with long-term risk and prevent unfair rewards.
mmboe	Million barrels of oil equivalent
Mmths	Million therms
MWh	Megawatt hour
Net zero	The point at which there is a balance between human-related carbon dioxide (CO_2) being emitted into the atmosphere and the CO_2 taken out
NGOs	Non-governmental organisations
NPS	Net Promoter Score
OECD	Organisation for Economic Co-operation and Development
Ofgem	The government regulator for gas and electricity markets in Great Britain
Paris Agreement	A global agreement to keep temperature rise well below 2°C above pre-industrial levels, and pursue efforts to limit the increase to 1.5°C
PP&E	Property, Plant and Equipment
PPAs	Power Purchase Agreements
ppt	Percentage point
Process safety	Process safety is concerned with the prevention of harm to people and the environment, or asset damage from major incidents such as fires, explosions and accidental releases of hazardous substances
PRA	Prudential Regulatory Authority
PRT	Petroleum Revenue Tax
PWR	Pressurised water reactor
ROC	Renewable Obligation Certificate
RPI	Retail Price Index
RSP	Restricted Share Plan
SAYE	Save As You Earn
SESC	Safety, Environment and Sustainability Committee
SIP	Share Incentive Plan
tCO_2e	Tonnes of carbon dioxide equivalent
TCFD	Task Force on Climate-related Financial Disclosures
The Company	Centrica plc
The Group	Centrica plc and all of its subsidiary entities
TRIFR	Total recordable injury frequency rate
TSR	Total shareholder return
TWh	Terawatt hour
Under-represented groups	A person/group who are insufficiently or inadequately represented in society such as those who are women, ethnically diverse, have a disability or are LGBTQ+
VIU	Value in use
WBCSD	World Business Council for Sustainable Development
WRI	World Resources Institute