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FOR IMMEDIATE RELEASE

8 December 2021

Centrica plc

Proposed sale of Spirit Energy's Norwegian Assets

Centrica announces major progress on strategic transformation with the sale of Spirit Energy's Norwegian oil and gas assets and run-off strategy for the remaining Spirit Energy business

- Disposal of entire Norwegian portfolio plus the Statfjord field
- Headline consideration to Spirit Energy of c.£800m with 1 Jan 2021 commercial effective date
- Net consideration to be reduced by cash flows retained from 1 Jan 2021 to completion
- In addition, related commodity price hedges will be closed at a total pre-tax cost of c.£180m
- All c.£830m of decommissioning liabilities transfer to the buyers, Sval Energi and Equinor
- Amended Shareholder Agreement focuses Spirit Energy on UK gas production & decommissioning
- Centrica's 69% share of proceeds expected to be c.£560m
- Amount of Net consideration dependent on date of completion, currently expected in Q2 2022

Chris O'Shea, Group Chief Executive of Centrica, said:

"We are pleased to continue to bring focus to Centrica's portfolio with these transactions, which are aligned with our strategy to reduce our exposure to carbon intensive oil and gas exploration and production in a way that maximises shareholder value. With the disposal of these largely oil producing assets to buyers who will be able to meet the material decommissioning costs, we can now focus on realising value for our shareholders from Spirit's remaining gas reserves. Spirit will effectively be in run-off, and we will not explore for new hydrocarbon reserves; rather, we will focus on ensuring Spirit can fund its decommissioning liabilities whilst pursuing opportunities to leverage existing infrastructure to help the UK on its path to net zero.

This sale is another important milestone in the turnaround of Centrica and follows our significant organisational restructure last year and the sale of Direct Energy earlier in 2021. I remain excited about our future, as we continue to focus on creating shareholder value and delivering for our customers by helping them live sustainably, simply and affordably."

Transaction summary

Centrica plc ("Centrica" or the "Company" or the "Group") announces that, in line with the Group's stated strategy, subsidiaries of the 69% Centrica owned Spirit Energy Limited ("Spirit Energy") group ("Spirit Energy Group") have entered into agreements to sell the Spirit Energy Group's Norwegian oil and gas exploration and production business excluding the Statfjord field to Sval Energi AS ("Sval") and its interests in the Statfjord field to subsidiaries of Equinor ASA ("Equinor") (the "Sale Business and Interests").

The transaction has a commercial effective date of 1 January 2021 with headline consideration of $1,076 million (equivalent to approximately £800 million) in cash on a debt free, cash free basis, plus a deferred commodity price linked contingent payment. The consideration payable at closing (the "Net Consideration") will be subject to customary adjustments to reflect working capital and debt like items. It will also be reduced for net post-tax cash flows generated by the Sale Business and Interests since 1 January 2021, adjusted for any remaining tax payable on these net cash flows to be paid by the Spirit Energy Group (the "Net Cash Flow"). As of 31 October 2021, the Sale Business and Interests had generated £376 million of net cash flows since 1 January 2021. Whilst significantly dilutive to earnings in the near term, all decommissioning liabilities related to the Sale Business and Interests will be transferred to the buyers as part of the transaction.

Spirit Energy will distribute the Net Consideration and Net Cash Flow to Centrica and its joint venture partners, SWM Group, in proportion to their ownership, after adjusting for certain transaction taxes and costs and amounts in respect of certain liabilities to be retained by the Spirit Energy Group. SWM Group's share of this distribution from Spirit Energy is expected to be approximately £250 million.

In addition, an estimated approximately £140 million cost of closing commodity price hedges related to Statfjord U.K. will be borne by Spirit Energy and there is an estimated approximately £40 million cost of closing commodity price hedges at a Centrica Group level related to its share of Spirit Energy's Norwegian Business and Statfjord Norway Interests.

Transaction highlights

- Headline consideration as at 1 January 2021 of $1,076 million (approximately £800 million) in cash, plus a deferred commodity price linked contingent payment, the transfer of all decommissioning liabilities of the Sale Business and Interests of approximately £830 million to the buyers, and reduced capital expenditure commitments, represents attractive value for shareholders.
- Centrica's share of the proceeds of approximately £560 million to be retained by the Company.
- The Sales result in a 92% reduction in the Spirit Energy Group's oil and liquids reserves and a 38% reduction of its gas reserves, and represent a significant step towards Centrica delivering on its strategy to decarbonise its portfolio and reduce its exposure to oil and gas production.
- The Sales further simplify and de-risk Centrica's business model while strengthening the balance sheet and reducing earnings and cashflow volatility, and allow an increased focus on its customer-

facing activities in its core home markets of the U.K. and Ireland where it has leading market positions.

- Under an amended shareholders' agreement (the "**Amended SHA**"), Spirit Energy's future strategy will be to realise value from its remaining portfolio of assets in the UK and the Netherlands while minimising further investment in oil and gas exploration and development, and to utilise cash from the Spirit Energy Group's operations to meet, and de-risk, decommissioning obligations in respect of its remaining portfolio. Future cashflows generated from Spirit Energy's continuing operations will be retained within Spirit Energy until projected future pre-tax decommissioning costs are 1.5 times covered.
- Spirit Energy will also be able to pursue potential opportunities to leverage existing infrastructure for net zero projects.
- The Sales are conditional upon Centrica and SWM Group shareholder approvals, as well as various antitrust and regulatory approvals, and are expected to complete in the second quarter of 2022.
- Centrica's Board considers the Sales to be in the best interests of Centrica and its shareholders as a whole and intends to unanimously recommend that shareholders vote in favour of the ordinary resolution of the Company seeking approval for the Transaction (the "Resolution") at the General Meeting to be held in January 2022. A circular convening the General Meeting will be published in due course.

The Transaction (comprising the Sales and the terms of the Amended SHA) constitutes a Class 1 transaction for Centrica under the Listing Rules and completion of the Transaction is therefore conditional on, inter alia, the approval of Centrica's shareholders at a general meeting of the Company's shareholders (the "General Meeting"). A circular containing details of the Transaction and a notice convening the General Meeting will be sent to Centrica's shareholders as soon as practicable, with the General Meeting expected to be held in January 2022. This summary should be read in conjunction with the full text of this announcement. This announcement is available at www.centrica.com.

The person responsible for arranging the release of this announcement on behalf of the Company is Raj Roy, the Company Secretary.

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Proposed sale of Spirit Energy's Norwegian business and interests in the Statfjord field and amended joint venture arrangements

Introduction

Centrica plc ("Centrica" or the "Company" or the "Group") today announces that, in line with the Group's stated strategy, subsidiaries of the Spirit Energy Limited ("Spirit Energy") group ("Spirit Energy Group") have entered into agreements to sell the Spirit Energy Group's Norwegian oil and gas exploration and production business and its interests in the Statfjord field (the "Sale Business and Interests"). Centrica, via its subsidiary GB Gas Holdings Limited ("GBGH"), owns 69% of Spirit Energy, with its co-shareholders SWM Gasbeteiligungs GmbH ("SWM") and SWM Bayerische E&P Beteiligungsgesellschaft mbH ("BE/PB") (SWM and BE/PB together "SWM Group") owning the remaining 31%.

The headline consideration is $1,076 million (equivalent to approximately £800 million) in cash, plus a deferred commodity price linked contingent payment. The Sales are on a debt free, cash free basis with a commercial effective date of 1 January 2021 and the consideration payable at closing will be reduced for net cash flows generated by the Sale Business and Interests since 1 January 2021, adjusted for tax payable on these net cash flows that will be paid by the Spirit Energy Group (the "Net Cash Flow"). In addition, all decommissioning liabilities related to the Sale Business and Interests will be transferred to the buyers.

The "Sales" comprise the following:

- Sval Energi AS ("Sval") will acquire the Norwegian oil and gas business, held by Spirit Energy Norway AS ("SEN"), excluding the Statfjord field (the "Norwegian Business") for $1,026 million (the "Norwegian Business Sale"); and
- Equinor Energy AS and Equinor UK Limited, subsidiaries of Equinor ASA ("Equinor") will acquire SEN's Norwegian interests in the Statfjord field (the "Statfjord Norway Interests") (the "Statfjord Norway Sale") and Spirit Energy Resources Limited ("SERL")'s U.K. interests in the Statfjord field (the "Statfjord U.K. Interests") (the "Statfjord U.K. Sale"), respectively, for $50 million in aggregate.

Completion of each of the Sales is interconditional, except that the Norwegian Business Sale and the Statfjord Norway Sale can complete if certain regulatory conditions to the Statfjord U.K. Sale remain outstanding.

In addition, on 8 December 2021, GBGH entered into an agreement to amend and restate the Spirit Energy shareholders' agreement and an ancillary agreement relating to GBGH's ability to require, in certain circumstances and after 31 December 2023, SWM Group to sell their shares in Spirit Energy to a third party purchaser on no less favourable terms and conditions than those offered to GBGH by such third party purchaser (together, the "Amended SHA"), which will take effect on the completion of the Norwegian Business Sale and the Statfjord Norway Sale.

The Transaction (comprising the Sales and the terms of the Amended SHA) constitutes a Class 1 transaction for Centrica under the Listing Rules and completion of the Transaction is therefore conditional on, inter alia, the approval of Centrica's shareholders at a general meeting of the Company's shareholders (the "General Meeting"). A circular containing details of the Transaction and a notice convening the General Meeting will be sent to Centrica's shareholders as soon as practicable, with the General Meeting expected to be held in January 2022.

Background to and reasons for the Transaction

Centrica merged its exploration and production business with Bayerngas Norge's business in 2017 to form Spirit Energy, which alongside the previous disposals of Centrica's Canada and Trinidad & Tobago assets created a more focused and more sustainable European exploration and production business.

In July 2019, Centrica announced the strategic decision to focus on its customer-facing businesses and transition to a lower carbon future. This included the decision to exit oil and gas production and the intention to divest its 69% shareholding in Spirit Energy.

Centrica announced in April 2020 that the disposal process had been paused due to the uncertain backdrop created by the Covid-19 pandemic and low commodity prices at that time. In addition, the joint venture structure had limited the number of parties interested in buying Centrica's interest in Spirit Energy as a whole. Centrica subsequently decided to pursue alternative sale options in order to simplify the sale structure and enable it to maximise the value of the assets while de-risking liabilities, which included pursuing the sale of the Sale Business and Interests.

Having received a compelling offer from Sval and Equinor to acquire the Sale Business and Interests, Centrica entered into a limited period of exclusive negotiations with Sval and Equinor to explore further the basis for a transaction. The Centrica board (the "Board") believes that the resulting Sales at the agreed headline consideration of $1,076 million (equivalent to approximately £800 million), with a commercial effective date of 1 January 2021, plus a deferred commodity price linked contingent payment, represent an attractive value for the Sale Business and Interests. The Board has unanimously agreed that the Sales are in the best interests of shareholders and other stakeholders as a whole and intends to unanimously recommend that shareholders vote in favour of the resolution (the "Resolution") at the General Meeting to be held in January 2022.

Alongside the implementation of the revised operating model announced in June 2020 and the sale of Direct Energy, which completed in January 2021, the Sales will help create a simpler, leaner, less carbon-intensive Group focused on delivering for its customers. The Sales are also expected to result in a more stable financial profile for the Group, with significantly less of the Group's earnings and cashflow arising from oil and gas production and the associated commodity price volatility.

Following completion, Centrica will remain primarily a U.K. and Ireland focused energy services and solutions company with a large customer base and attractive market positions. The simplification of the

Group is expected to allow Centrica to deliver high-quality customer service and a more competitive cost base, to enable growth in its core energy and services offerings and from targeted opportunities in related, newer low-carbon services and solutions.

The Group will retain its 69% shareholding in Spirit Energy, which following the Sales will own oil and gas assets in the U.K. and the Netherlands only. The Sale Business and Interests represent 52% of Spirit Energy's 2020 total production (83% of its oil and liquids production and 34% of its gas production). The Sale Business and Interests also represent 63% of total 2P reserves (92% of its oil and liquids 2P reserves and 38% of its gas 2P reserves) as at 31 December 2020.

A table comparing Spirit Energy's key metrics including and excluding the Sale Business and Interests is shown below:

	Spirit (incl. Sale Business and Interests)	Spirit (excl. Sale Business and Interests)
2020 production (mmboe) Liquids % Gas %	44.9 *38%* *62%*	21.4 *13%* *87%*
2021e production (mmboe) Liquids Gas	c.37.0 *c.36%* *c.64%*	c.18.0 *c.12%* *c.88%*
2020 Y/E reserves (mmboe) Liquids Gas	246 *44%* *56%*	93 *9%* *91%*
2020 Lifting costs (£/bbl)	13.2	17.3
2020 DDA (£/bbl)	11.3	10.4
Pre-tax decommissioning liabilities (£bn)	2.1	1.2
Decommissioning liabilities (net of deferred tax) (£bn)	1.0	0.8

Spirit Energy's future strategy will be to realise value from its remaining portfolio of assets in the U.K. and Netherlands while minimising further investment in oil and gas exploration and development, and to utilise cash from the Spirit Energy Group's operations to meet, and de-risk, decommissioning obligations in respect of its remaining portfolio. Reflecting this, capital expenditure is currently expected to be around £150 million in 2022 and in the range £10-50 million per year from 2023 onwards. It will also seek to pursue potential investments in energy transition opportunities that leverage existing Spirit Energy assets and infrastructure, including the potential development of carbon capture and storage and hydrogen projects that will enable the transition to net zero.

Centrica expects to continue to fully consolidate Spirit Energy in its financial statements, including the cash held by Spirit Energy to fund its future decommissioning liabilities. Excluding the distribution relating to the Sales, cash will be distributed to Spirit Energy's shareholders only to the extent that cash held by Spirit Energy exceeds 1.5x the estimated future pre-tax decommissioning liabilities of the remaining Spirit Energy portfolio. The Group will continue to assess opportunities to exit from its remaining oil and gas exploration and production activities over time.

It is expected that the Sales will have a significant near-term dilutive effect on earnings per share given the expected earnings profile from the Sale Business and Interests. However, the Board believes that the Company's simplified and more stable financial profile will result in greater predictability of earnings with the ability to generate attractive profits and operating cash flows, while the removal of decommissioning liabilities and capital investment commitments associated with the Sale Business and Interests further de-risk the Group. Therefore, the Board believes that the Transaction is in the best interests of shareholders as a whole.

Key terms of the Sales

Subsidiaries of the Spirit Energy Group will, on the terms and subject to the conditions set out in the purchase agreements entered into with Sval, Equinor Energy AS and Equinor UK Limited (the "Purchase Agreements"), sell: (i) to Sval, the Norwegian Business held by SEN for $1,026 million; and (ii) to Equinor Energy AS and Equinor UK Limited, the Norwegian licence interests in the Statfjord field held by SEN and the U.K. licence interests in the Statfjord field held by SERL, respectively, for $50 million in aggregate. The headline consideration is $1,076 million (approximately £800 million).

The Sales are on a debt free, cash free basis with a 1 January 2021 commercial effective date. The consideration payable at closing (the "Net Consideration") will be subject to customary adjustments to reflect working capital and debt like items. It will also be reduced for net cash flows generated by the Sale Business and Interests since 1 January 2021 adjusted for any remaining tax payable by Spirit Energy on these net cash flows (the "Net Cash Flow"). The Sale Business and Interests generated £199 million of net cash flows between 1 January 2021 and 30 June 2021 and £376 million of net cash flows between 1 January 2021 and 31 October 2021. Tax on these cash flows is expected to be paid in the fourth quarter of 2021 and in 2022.

SEN and SERL will also receive contingent consideration if UK NBP gas prices exceed certain floor prices from 5 October 2021 until the end of 2022. The gas floor price from 5 October 2021 until and including 31 December 2021 (the "First Relevant Period") is 145.8p/therm and from 1 January 2022 until and including 31 December 2022 (the "Second Relevant Period") is 96.9p/therm. The contingent consideration payable to SEN and SERL will be calculated based on 50% of the post-tax cash flows for each day (the "Relevant Day") during the First Relevant Period and the Second Relevant Period (each, a "Relevant Period"), based on the difference between the relevant floor price and the NBP day ahead index price on the working day preceding the Relevant Day, multiplied by the volume of gas delivered on the Relevant Day. SEN and SERL will each receive a contingent consideration payment shortly after each Relevant Period equal to the sum of the daily calculations for each Relevant Period. The contingent consideration cannot be less than zero. Spirit Energy will distribute the net proceeds of any contingent consideration to Centrica and SWM Group, pro-rata to their aggregate ownership interests.

Spirit Energy and Centrica will not retain any decommissioning liabilities associated with the Sale Business and Interests beyond the secondary or residual statutory liabilities (including through the parent company guarantee provided by Centrica to the Norwegian State relating to SEN's obligations and liabilities related to exploration and production activities on the Norwegian Continental Shelf, which is likely to remain in place after completion of the Sales), which are mitigated by the decommissioning security arrangements ("DSAs") and indemnities provided by Sval and Equinor.

In addition, SEN has agreed to indemnify, and hold harmless, Sval from and against all and any costs, expenses, liabilities, obligations, demands, losses, debts, claims and actions (including legal costs on an indemnity basis) due to certain notified tax claims. The amount recognised on the Group's consolidated balance sheet as at 31 December 2020 in respect of the uncertain tax provision relating to such notified tax claims was £118 million (2019: £128 million). Spirit Energy has the benefit of a tax indemnity from GBGH and a parent company guarantee from Centrica, put in place at the time of the formation of the Spirit Energy joint venture, under which GBGH would pay the excess of any tax liability above £60 million arising from matters relating to the notified tax provision. GBGH and Centrica have undertaken to Sval that GBGH and Centrica will perform their obligations under this indemnity and the related parent company guarantee, respectively, and will not amend or vary them without Sval's consent.

The Sales are conditional on, among other things, Centrica's shareholders passing a vote on a Resolution approving the Transaction by a simple majority at the General Meeting as required under the Listing Rules, SWM Group shareholder approval and receipt of certain antitrust and regulatory approvals in Norway and the U.K. The completion of each of the Sales is interconditional, except that the Norwegian Business Sale and the Statfjord Norway Sale can complete if any of the necessary consents from the U.K. Oil and Gas Authority, U.K. Government or Norwegian Government (if applicable) to the Statfjord U.K. Sale remain outstanding.

Spirit Energy has agreed that it will not solicit any proposals from a third party to acquire the Spirit Energy Norway assets. However, Spirit Energy is permitted to engage with third parties in relation to any unsolicited proposal which Spirit Energy determines, acting reasonably, constitutes a superior transaction to the Sales.

Sval has agreed to pay SEN a deposit of $50 million (equivalent to approximately £37 million) upon signing of the Norwegian Business Purchase Agreement. If completion of the Norwegian Business Sale does not occur because Sval is in material breach of its obligation to use reasonable endeavours to satisfy the conditions to completion under the Norwegian Business Purchase Agreement, the deposit can be retained in full by SEN.

Sval has obtained warranty and indemnity insurance which, following completion of the Norwegian Business Sale, will be its sole recourse for any claim in respect of the warranties given by SEN in the Norwegian Business Purchase Agreement, other than title warranties and subject to limited exceptions.

In addition, SEN and Sval have agreed to cooperate to finalise the terms of a transition services agreement to be entered into at completion of the Norwegian Business Sale pursuant to which Spirit Energy will provide or procure the provision of certain services relating to the Norwegian Business to be sold.

Distribution of proceeds by Spirit Energy to Centrica and SWM Group

Spirit Energy will distribute the Net Consideration and the Net Cash Flow generated from 1 January 2021 to the completion date of the Sales to its shareholders. The amount to be distributed to the Spirit Energy shareholders will be after adjusting for certain transaction costs, taxes, amounts in respect of certain liabilities to be retained by the Spirit Energy Group under the Purchase Agreements, and any consideration adjustments from the buyers to reflect assumed tax payments to be made by Spirit Energy related to 2021 cashflow. As of today, the proceeds to be distributed are expected to be approximately £810 million (on a 100% basis), with Centrica's 69% share expected to be approximately £560 million and SWM Group's share expected to be approximately £250 million.

An estimated approximately £140 million cost of closing commodity price hedges relating to the Statfjord U.K. Interests will be borne by Spirit Energy, utilising its existing cash balances. As at 31 December 2020, Spirit Energy had £444 million of cash and cash equivalents. In addition there is an estimated approximately £40 million cost of closing commodity price hedges at a Centrica Group level related to its share of Spirit Energy's Norwegian Business and Statfjord Norway Interests.

Use of proceeds to be distributed by Spirit Energy to its shareholders

The distribution to Centrica of its 69% share of the Net Consideration and Net Cash Flow generated since 1 January 2021 is expected to be approximately £560 million.

As part of the agreement reached with the trustees of the Group's U.K. defined benefit schemes ("Pension Schemes") at the time of the announcement of the sale of Direct Energy in July 2020, Centrica commenced discussions with the trustees of the Pension Schemes regarding a contribution to the Pensions Schemes from the net proceeds from the sale of Direct Energy. Pending conclusion of these discussions as part of the 2021 triennial pensions valuation, the Company has agreed not to make any distributions to shareholders in excess of its cumulative free cash flows or to prepay any external financial indebtedness before its scheduled repayment date. The triennial valuation date was 31 March 2021 and under U.K. pensions regulations the Company has 15 months from this date to reach agreement with the trustees of the Pension Schemes on the level of the deficit and any repair plan.

Given the ongoing discussions with the pension trustees, and the current commodity price environment and its impact on the UK energy supply market, the Company will retain the proceeds from the Sales, including any proceeds received from the contingent consideration arrangements, as cash on its balance sheet.

The cash flows generated by the continuing Group are expected to result in an attractive proposition for Centrica shareholders, with the potential for growth in earnings and operating cash flows. The Board continues to recognise the importance of dividends to Centrica shareholders and intends to recommence dividends when it is prudent to do so.

Amended Spirit Energy shareholder arrangements

On 8 December 2021, GBGH, SWM Group and Spirit Energy entered into a second deed of amendment and restatement relating to the Spirit Energy shareholders' agreement (the "SHA"). With effect from the date of the completion of the Norwegian Business Sale and the Statfjord Norway Sale, the SHA will be amended to reflect that the Spirit Energy Group will operate in the U.K. and the Netherlands only and that Spirit Energy is in the process of being transitioned to a low-cost, self-financing gas focused production company which is primarily focused on utilising cash to meet, and de-risk, decommissioning obligations of existing assets in its portfolio. In addition, an ancillary arrangement was agreed relating to GBGH's ability to require, in certain circumstances and after 31 December 2023, SWM Group to sell their shares in Spirit Energy to a third party purchaser on no less favourable terms and conditions than those offered to GBGH by such third party purchaser (together, the "Amended SHA"). Subject to this primary focus, the parties have also stated a willingness to explore potential new strategic energy transition opportunities involving the exploitation, conversion or repurposing of existing assets of the Spirit Energy Group.

Other amendments to the SHA include, but are not limited to:

(A) minority shareholders being granted a tag along right which will allow them to join any sale by GBGH of its entire shareholding in Spirit Energy to a third party;

(B) amendment of the fundamental reserved matters of Spirit Energy to require all shareholders to consent to any sale of interests in the Cygnus field or Morecambe Bay area; until the earlier of the second anniversary of completion of the Norwegian Business Sale and 31 December 2023 (or, in respect of the Morecambe Bay area, such earlier date on which the shareholders agree that they do not wish to consider strategic energy transition opportunities in the Morecambe Bay area);

(C) to remove certain provisions relating to exploring the opportunity of an initial public offering of Spirit Energy and redemption of the preference shares held by the shareholders;

(D) the replacement of a call option granted to BE/PB to acquire GBGH's shares in Spirit Energy, in the event of an event of default relating to or caused by GBGH which has not been remedied, with a put option to require GBGH to acquire SWM Group's shares in Spirit Energy; the price payable under such put option would be the fair market value of SWM Group's interest in Spirit Energy (assuming, for these purposes, the ordinary and preference shares constitute a single class of ordinary shares) plus 10%; and

(E) reflecting the new distribution policy described above.

Summary information on Centrica and future strategy

The Group's focus is on being an energy services and solutions company, helping its customers live sustainably, simply and affordably.

Centrica remains focused on improving its customer facing businesses. In June 2020, it announced plans for a significant restructure to create a simpler, leaner Group, designed to result in empowered colleagues, lower costs and a better customer experience. Around 4,000, mostly management, roles have been removed across the Group and more modern and flexible terms and conditions are now in place across the organisation.

Centrica also continues to target the simplification of the Group through the divestment of non-core assets and in July 2020 it announced the sale of its North American energy supply and services business, Direct Energy, to NRG Energy, Inc. This transaction closed in January 2021.

Following completion of the Sales, Centrica will remain primarily a U.K. and Ireland focused company, focussing on the Group's strengths of energy supply and its optimisation, and on services and solutions, with a continued strong focus on delivering high levels of customer service and cost-efficient operations.

- **British Gas Energy** is the largest energy supplier to households in the U.K., with 6.8 million customers as at 30 June 2021, and also supplies 0.4 million small business customers.
- **British Gas Services** is the largest provider of contract energy services and the largest installer of boilers and smart thermostats in the U.K., with 3.4 million customers as at 30 June 2021.
- **Bord Gáis Energy** is the largest gas supplier and the second largest energy supplier overall in the Republic of Ireland with 0.5 million customers as at 30 June 2021.
- **Centrica Business Solutions** provides energy insight and solutions and optimisation services such as demand response to customers internationally. It also supplies energy to medium and large business customers in the U.K.
- **Centrica Energy Marketing & Trading** is the procurement, trading and optimisation arm of Centrica. It is responsible for managing commodity risk and providing wholesale market access for Centrica. It also trades energy and commodities, provides route-to-market services to third-party asset owners across Europe, and has global positions in LNG.
- Centrica owns a 20% interest in EDF Energy's operating U.K. nuclear power generation fleet **("Nuclear").** Having announced in 2018 that Centrica intended to divest its 20% interest in Nuclear, Centrica announced in July 2021 that it was reconsidering whether the Nuclear business can play a role for Centrica in the future.
- Centrica's **CSL** subsidiary also owns the Rough gas field, previously the UK's largest gas storage facility, and the Easington gas processing plant. Centrica is currently in the process of producing the indigenous gas from the Rough field and planning for decommissioning, while considering other options including the potential to repurpose the field as a hydrogen storage facility.

The Board believes that the Company's stronger balance sheet and simplified and more stable financial profile resulting from the Group's reorganisation and disposals (including the Sales) will result in an attractive future earnings and cash flow stream. The Group intends to recommence dividends to Centrica shareholders when it is prudent to do so.

In the financial year ended 31 December 2020, the Sale Business and Interests contributed loss before taxation of £65 million to the Group. As at 30 June 2021, the Sale Business and Interests contributed gross assets of £2.1 billion to the Group.

The following individuals are deemed by Centrica to be key to the operations of the Sale Business and Interests:

Name	Position
Chris Cox	Spirit Energy - Chief Executive Officer
Den Jones	Spirit Energy - Chief Financial Officer
Gro Kyllingstad*	Spirit Energy - Senior Vice President Norway Production
Nicola MacLeod	Spirit Energy - Executive VP, General Counsel
Kjersti Wilskov*	Spirit Energy - Vice President Corporate Finance

* Employee to transfer to Sval under the terms of the Norwegian Business Sale.

Expected timetable to Completion

A shareholder circular containing further details of the Transaction, the Board's recommendation, and the notice of the General Meeting and the Resolution required to approve the Transaction will be sent to Centrica's shareholders as soon as practicable, with the General Meeting expected to be held in January 2022. Completion is expected to occur in the second quarter of 2022.

Transaction Advisers

Goldman Sachs is acting as financial adviser, Corporate Broker and Sponsor and Slaughter and May is acting as legal adviser to Centrica in connection with the transaction.

Notes to Editors:

Information on Spirit Energy

- An oil and gas exploration & production company with two shareholding entities: Centrica (69%), and SWM Group (31%).
- Operated and non-operated interests across the UK, Norway, and the Netherlands, with more than 30 producing fields and approx. 128 exploration licences (2020).
- 2020 production of 44.9 million barrels of oil equivalent (mmboe).
- Proven and probable (2P) reserves of 246 mmboe as at 31 December 2020.

- Approximately 850 employees.

Information on Spirit Energy Norway AS

- 2020 production of 55,000 barrels of oil equivalent per day (boe/d).
- 11 producing fields: Oda, Vale, Statfjord, Statfjord Øst, Statfjord Nord, Sygna, Kvitebjørn, Ivar Aasen, Vega, Trymand Maria. Operator of Oda and Vale.
- Several development opportunities, including Fogelberg and Ivory (both operated), Nova and Hanz (both in flight), HaltenØst, Iris Hades, Bergknapp and Lille Prinsen.
- Office in Stavanger with approximately 130 employees.

Information on the Statfjord area

The Statfjord area covers the following licences: Statfjord Unit (or Statfjord main field), Statfjord Øst, Statfjord Nord and Sygna. The Statfjord Unit development covers the big Statfjord A, B and C concrete gravity base platforms, whereas the other fields are subsea developments tied back to the main field platforms. Equinor is operator for all licences.

Spirit Energy Norway AS's ownership in the Statfjord area is:

- 19.76464% in the Statfjord Unit (Statfjord A, B and C) (PL037)
- 23.125% in Statfjord Nord (PL037)
- 12.7187% in Sygna Unit (PL037 and PL 089)
- 11.5625% in Statfjord Øst Unit (PL037 and PL089)
- 34.29595% in PL1050 (exploration)

Spirit Energy Resources Limited ownership in the Statfjord area is:

- 14.53131% in the Statfjord Unit (Statfjord A, B and C – comprised of interests in UKCS Licences P.104 and P.293)
- 34.29595% in Barnacle (UKCS Licence P.2460, Blocks 211/29f and 211/30c)
- 48.78049% in the Northern Leg Gas Pipeline System

Information on Sval Energi

Sval Energi is a privately owned Norwegian energy company, headquartered in Stavanger, Norway. Backed by the leading energy investor HitecVision, Sval Energi aims to be a major Norwegian player in the energy sector through building a strong portfolio combining oil and gas resources with decarbonisation value chains. The company is a partner in 23 production licenses on the Norwegian continental shelf, including the Duva, Nova and Dvalin fields, as well as the Metsälamminkangas wind farm in Finland. Sval has completed multiple acquisitions over the last two years, with the most recent being the acquisition of Edison Norge, which closed in March 2021.

Information on Equinor

Equinor Energy AS and Equinor UK Limited are wholly-owned subsidiaries of Equinor ASA ("Equinor"), an international energy company that is engaged in exploration, development and production of oil and gas, as well as wind and solar power. Equinor is an international energy company present in more than 30 countries worldwide, including several of the world's most important oil and gas provinces. Founded in 1972 under the name Den Norske Stats Oljeselskap AS-Statoil (the Norwegian State Oil company), its name was changed to Equinor in 2018. Equinor's headquarters are in Stavanger, Norway, and it has over 21,000 employees.

Equinor is the leading operator on the Norwegian continental shelf and has substantial international activities. Equinor sell crude oil and are a major supplier of natural gas, with activities in processing, refining, and trading. Its activities are managed through business areas, staffs and support divisions, and it has operations in North and South America, Africa, Asia, Europe and Oceania.

Forward-looking statements

This announcement includes statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms anticipates, believes, could, estimates, expects, intends, may, plans, projects, should or will, or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and include, but are not limited to, statements regarding Centrica plc and its intentions, beliefs or current expectations concerning, among other things, the business, results of operations, prospects, growth and strategies of the Group and Spirit Energy.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of operations of the Group or Spirit Energy, and the developments in the industries in which they operate, may differ materially from those described in, or suggested by, the forward-looking statements contained in this announcement. In addition, even if the results of operations of the Group, or Spirit Energy and the developments in the industries in which they operate are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods. A number of factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, changes in law and regulation, currency fluctuations, changes in business strategy and political and economic uncertainty.

Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this announcement reflect Centrica plc's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group and its operations, results of operations and growth strategy.

Other than in accordance with its legal or regulatory obligations (including under the Listing Rules, the Disclosure Guidance and Transparency Rules and the Prospectus Rules), Centrica plc is not under any obligation and Centrica plc expressly disclaims any intention or obligation (to the maximum extent permitted by law) to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Non-IFRS measures

Centrica's directors and management believe that reporting adjusted measures provides additional useful information on business performance and underlying trends. These measures are not defined terms under IFRS and may not be comparable with similarly titled measures reported by other companies.

In the ordinary course of the Group's reporting, Centrica's directors and management use "Adjusted Operating Profit" to evaluate segment performance. Adjusted Operating Profit is defined as operating profit before exceptional items and certain derivative re-measurements.

Full details explaining how these measures have been calculated and reconciled to the historical financial information prepared in respect of Spirit Energy for the purpose of the Sales will be set out in the circular that Centrica will issue in due course.

Exchange rates

Throughout this announcement, unless otherwise stated, the USD to GBP exchange rate used in this document is as derived from Eikon on the latest practicable date prior to this announcement, being $1.35 to £1.00. For Spirit Energy's 2020 income statement financials, the USD to GBP exchange rate used is the average over 2020, being $1.28 to £1.00.

No profit forecasts or estimates

Unless otherwise stated, no statement in this announcement is intended as a profit forecast or estimate for any period and no statement in this announcement should be interpreted to mean that earnings, earnings per share or income, cash flow from operations or free cash flow for the Group or Spirit Energy, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings, earnings per share or income, cash flow from operations or free cash flow for the Group or Spirit Energy as appropriate.

No offer or solicitation

This announcement is not a circular or a prospectus and is not intended to, and does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of any offer to sell, dispose of, purchase, acquire or subscribe for, any security. Centrica's shareholders are advised to read carefully the circular that Centrica will publish in due course.

Inside information

This announcement contains inside information as defined in the retained UK version of the Market Abuse Regulation (596/2014).

Important information relating to financial advisers

Goldman Sachs International ("Goldman Sachs"), which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting exclusively as sponsor and joint lead financial adviser to Centrica and for no one else in connection with the Transaction and will not be responsible to anyone other than Centrica for providing the protections afforded to clients of Goldman Sachs or for providing advice in relation to the Transaction, the contents of this announcement or any transaction, arrangement or other matter referred to in this announcement.

Responsibility

This announcement has been issued by, and is the sole responsibility of, Centrica. No representation or warranty express or implied, is or will be made as to or in relation to, and no responsibility or liability is or will be accepted by Goldman Sachs, nor by any of its respective affiliates or agents as to or in relation to, the accuracy or completeness of this announcement or any other written or oral information made available to or publicly available to any interested party or its advisers and any liability therefore is expressly disclaimed.