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If you sell or have sold or otherwise transferred all of your Centrica Shares, please forward this document, together with the accompanying documents as soon as possible to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or the transferee. If you receive this document from another person, as a purchaser or transferee, please contact the Registrar for a Proxy/Voting Form using the contact details on page 6 (*Corporate details and advisers*) of this document. If you sell or have sold or otherwise transferred only part of your holding of Centrica Shares, you should retain this document and the accompanying documents and consult with the bank, stockbroker or other agent through whom the sale or transfer was effected as to the action you should take. However, neither this document nor any accompanying documents should be released, published, distributed, forwarded or transmitted, in whole or in part, in, into or from any jurisdiction in which to do so would constitute a breach of the relevant laws of such jurisdiction.

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CENTRICA PLC

(Incorporated and registered in England and Wales with registered number 03033654)

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

Your attention is drawn to the letter from the Chairman of the Company which is set out in Part I (*Letter from the Chairman*) of this document and which contains the unanimous recommendation from the Board that you vote in favour of the Resolution to be proposed at the General Meeting referred to below.

Please read the whole of this document. In particular, your attention is drawn to the risk factors set out in Part II (*Risk Factors*) of this document.

Notice of a General Meeting of the Company to be held at Heathrow/Windsor Marriott Hotel, Ditton Road, Langley, Slough SL3 8PT at 9.00 a.m. on 13 January 2022 is set out at the end of this document. A Proxy/Voting Form for use at the General Meeting accompanies this Circular.

As at the Latest Practicable Date, public health guidance and legislation issued by the U.K. Government in relation to the COVID-19 pandemic would permit public gatherings at and travel to the General Meeting. Although attendance in person at the General Meeting would currently be possible, in order to minimise the public health risks from public gatherings and travel because of the COVID-19 pandemic, refreshments will not be served, and Directors will not be available to meet with Shareholders, before or after the General Meeting. Shareholders are strongly encouraged to appoint the chairman of the General Meeting as their proxy and to give their instructions on how they wish the chairman of the General Meeting to vote on the Resolution on their behalf. Shareholders and their duly appointed representatives and/or proxies are also able to participate remotely via live webcast which is accessible by logging on to web.lumiagm.com. The Virtual Meeting Guide, which is available on Centrica's website at <https://www.centrica.com/GMJ22>, contains further information on the electronic elements of the General Meeting, includes instructions on how to join the meeting and submit votes on the day along with the relevant contact details if you encounter any issues.

Centrica will continue to monitor the developing impact of COVID-19, including any changes to applicable law or guidance from the U.K. Government. Should it become necessary or appropriate to revise the current arrangements for the General Meeting, Centrica will notify Shareholders via its website and (where appropriate) via a Regulatory Information Service. Shareholders are therefore encouraged to check Centrica's website and the latest U.K. Government guidance before finalising their travel arrangements to attend the General Meeting in person.

To be valid, the enclosed Proxy/Voting Form should be completed, signed and returned in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach Centrica's registrars, Equiniti, by no later than 9.00 a.m. on 11 January 2022 or 9.00 a.m. on 10 January 2022 in respect of shares held in FlexiShare or the Share Incentive Plan. The Proxy/Voting Form can be delivered: (i) by post or by hand to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA; (ii) electronically at sharevote.co.uk; (iii) in the case of certain institutional shareholders, electronically at www.proximity.io; or (iv) in the case of Shareholders who hold their shares through CREST, utilising the CREST electronic proxy appointment service in accordance with the procedures set out in this Circular.

This document is a circular relating to the Transaction which has been prepared in accordance with the Listing Rules and approved by the Financial Conduct Authority.

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 sole sponsor and 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 document or any transaction, arrangement or other matter referred to in this document.

Robey Warshaw LLP ("**Robey Warshaw**"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting as 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 Robey Warshaw or for providing advice in relation to the Transaction, the contents of this document or any transaction, arrangement or other matter referred to in this document.

This document is dated 16 December 2021.

PRESENTATION OF INFORMATION

FORWARD-LOOKING STATEMENTS

This document 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 document and include, but are not limited to, statements regarding Centrica and its intentions, beliefs or current expectations concerning, among other things, the business, results of operations, prospects, growth and strategies of the Group, the Sale Business and Interests and the Continuing Group.

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, the Sale Business and Interests or the Continuing Group, 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 document. In addition, even if the results of operations of the Group, the Sale Business and Interests or the Continuing Group and the developments in the industries in which they operate are consistent with the forward-looking statements contained in this document, 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 document reflect Centrica’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. **Shareholders should specifically consider the factors identified in this document which could cause actual results to differ before making a decision on the Transaction.**

Other than in accordance with its legal or regulatory obligations (including the requirements of the FCA and the London Stock Exchange and under the Listing Rules and the DTRs), Centrica is not under any obligation and Centrica expressly disclaims any intention or obligation (to the maximum extent permitted by law) to update or revise any forward-looking statements in this document, whether as a result of new information, future events or otherwise.

The above explanatory wording regarding forward-looking statements does not in any way seek to qualify the statement regarding working capital that can be found at paragraph 11 of Part VII (*Additional Information*) of this document.

ROUNDING

Percentages in tables have been rounded and accordingly may not add up to 100 per cent. Certain financial data have also been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

PRESENTATION OF FINANCIAL INFORMATION

The historical financial information relating to the Sale Business and Interests presented in this document has been extracted without material adjustment from the consolidation schedules and supporting analysis that underlie the audited consolidated financial information of the Group for the financial years ended 31 December 2018, 31 December 2019 and 31 December 2020 and the Group’s unaudited consolidated financial statements for the six-month period ended 30 June 2021. Unless otherwise indicated, financial information in this document relating to Centrica has been prepared in accordance with IFRS.

The financial information reflects the prevailing market prices for each period. Any hedges put in place by Spirit Energy or Centrica are not captured by the historical financial information relating to the Sale Business and Interests presented in this document.

Pro forma financial information

In this document, any reference to “pro forma” financial information is to information which has been extracted without material adjustments from the Unaudited Pro Forma Financial Information contained in Part V (*Unaudited Pro Forma Financial Information of the Continuing Group*) of this document. The Unaudited Pro Forma Financial Information is presented in millions of Pounds Sterling. The Unaudited Pro Forma Financial Information has been prepared to illustrate the effect of the Sales on the consolidated net assets of the Continuing Group as if the Sales had occurred on 30 June 2021.

The Unaudited Pro Forma Financial Information is shown for illustrative purposes only and because of its nature addresses a hypothetical situation. It does not represent the actual financial position of the Continuing Group. Furthermore, it does not purport to represent what the Continuing Group’s financial position would actually have been if the Sales had been completed on the indicated date and is not indicative of the results that may or may not be expected to be achieved in the future.

The Unaudited Pro Forma Financial Information has been prepared in accordance with Annex 20 of the Prospectus Delegated Regulation and on the basis of the financial information of the Group as at 30 June 2021, the date to which the latest unaudited financial information in relation to the Group was prepared. The Unaudited Pro Forma Financial Information has been prepared pursuant to Listing Rule 13.3.3R in a manner consistent with the accounting policies of the Group.

Non-IFRS measures

The Directors and the Group’s management believes 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, the Directors and the Group’s management use “**Adjusted Operating Profit**”, “**Adjusted Basic EPS**” and “**Group free cashflow**” to evaluate segment and group performance.

Adjusted Operating Profit is defined as operating profit before exceptional items and certain derivative re-measurements. Adjusted Basic EPS is defined as earnings before exceptional items net of taxation and certain derivative re-measurements net of taxation, divided by the weighted average number of ordinary shares in issue for the period.

Exceptional items and certain derivative re-measurements are excluded because these items are considered by the Directors and the Group’s management to distort the Group’s core business performance.

Group free cashflow is defined as net cashflow 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.

Those items are excluded from Group free cashflow because they generally represent either a timing difference or are predominantly triggered by external market factors and therefore Directors and the Group’s management consider they would distort the underlying cashflow performance of the Group.

EXCHANGE RATES

Throughout this document, 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 8 December 2021 (the date on which the Transaction was signed and announced), 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.

CURRENCIES

Unless otherwise indicated in this Circular, all references to “**£**”, “**GBP**”, “**pounds**”, “**Pound Sterling**”, “**Sterling**”, “**p**”, “**penny**” or “**pence**” are to the lawful currency of the U.K.

Unless otherwise indicated in this Circular, all references to “\$”, “US\$”, “USD”, “U.S. Dollars”, “U.S. Dollar” or “cents” are to the lawful currency of the United States.

DEFINITIONS

Certain terms used in this document, including capitalised terms and certain technical terms, are defined and explained in Part IX (*Definitions*) of this document.

INCORPORATION BY REFERENCE

Certain information in relation to the Company is incorporated by reference into this document. Further information is set out in Part VIII (*Information Incorporated by Reference*) of this document. Without limitation, unless expressly stated herein (in particular as stated in Part VIII (*Information Incorporated by Reference*)), the contents of the websites of the Group and any links accessible through the websites of the Group do not form part of this document.

NO PROFIT FORECAST OR ESTIMATES

Unless otherwise stated, no statement in this document is intended as a profit forecast or estimate for any period and no statement in this document should be interpreted to mean that earnings, earnings per share or income, cash flow from operations or free cash flow for the Group, the Sale Business and Interests or the Continuing Group, 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, the Sale Business and Interests or the Continuing Group, as appropriate.

NO OFFER OR SOLICITATION

This document is not a prospectus and it 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.

MINERAL RESERVE AND MINERAL RESOURCE REPORTING

Unless otherwise indicated, reserves estimates reported in this document 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 (“**PRMS**”) using accepted principles.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates in the table below is indicative only and may be subject to change by Centrica, in which event details of the new times and dates will be notified to the Financial Conduct Authority and, where appropriate, to Shareholders by announcement through a Regulatory Information Service.

All references to the times in the timetable below are to London (U.K.) times.

EVENTS	TIME AND/OR DATE
Announcement of the Transaction	8 December 2021
Publication of this document, the Notice of General Meeting and the Proxy/Voting Form	16 December 2021
Latest time and date for receipt of Proxy/Voting Forms in respect of shares held in FlexiShare or the Share Incentive Plan	9.00 a.m. on 10 January 2022
Latest time and date for receipt of Proxy/Voting Forms, CREST Proxy Instructions and electronic registration of proxy appointments	9.00 a.m. on 11 January 2022
Record time for entitlement to vote at the General Meeting	6.30 p.m. on 11 January 2022
General Meeting	9.00 a.m. on 13 January 2022
Expected timing of Completion	Q2 2022

CORPORATE DETAILS AND ADVISERS

Registered office	Millstream Maidenhead Road Windsor Berkshire SL4 5GD
Sole sponsor and lead financial adviser	Goldman Sachs International Plumtree Court 25 Shoe Lane London United Kingdom EC4A 4AU
Financial adviser	Robey Warshaw LLP 9 Grosvenor Square London W1K 5AE
U.K. legal adviser to the Company	Slaughter and May One Bunhill Row London EC1Y 8YY
Auditor and reporting accountants	Deloitte LLP 1 New Street Square London EC4A 3HQ
Registrar	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA

Part I
LETTER FROM THE CHAIRMAN

Centrica plc
(Incorporated and registered in England and Wales with No. 03033654)

Directors
Scott Wheway
Chris O'Shea
Kate Ringrose
Stephen Hester
Pam Kaur
Heidi Mottram
Kevin O'Byrne
Carol Arrowsmith

Registered Office
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

16 December 2021

Dear Shareholder,

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

1. Introduction

As announced by Centrica plc ("**Centrica**" or the "**Company**" or the "**Group**") on 8 December 2021, and in line with the Group's stated strategy, subsidiaries of the Spirit Energy Limited ("**Spirit Energy**") group (the "**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 per cent. 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 per cent.

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 Purchasers.

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 ("**EEA**") and Equinor UK Limited ("**EUK**"), 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 Statford 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 is accordingly conditional upon the approval of Shareholders. Your approval of the Transaction is therefore being sought at a General Meeting to be held at Heathrow/Windsor Marriott Hotel, Ditton Road, Langley, Slough SL3 8PT at 9.00 a.m. on 13 January 2022. A notice of the General Meeting setting out the Resolution to seek this approval can be found at the end of this Circular. A summary of the action you are requested to take in connection with the General Meeting is set out in paragraph 13 of this letter and on the Form of Proxy that accompanies this Circular.

Further details of the terms of the Transaction are set out below and in Part III (*Summary of the Principal Terms of the Transaction Documents*) of this Circular.

I am writing to you to (i) explain the background to and reasons for the Transaction; (ii) provide you with information about the Sale Business and Interests; (iii) explain why the Directors unanimously consider the Transaction to be in the best interests of the Shareholders as a whole; and (iv) recommend that you vote in favour of the Resolution to be proposed at the General Meeting.

2. 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 per cent. 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 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 at the General Meeting to be held on 13 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 per cent. 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 per cent. of Spirit Energy's 2020 total production, (85 per cent. of its oil and liquids production and 32 per cent. of its gas production). The Sale Business and Interests also represent 63 per cent. of total 2P reserves, (92 per cent. of its oil and liquids 2P reserves and 38 per cent. 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:

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

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 of £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.

3. Information on the Sale Business and Interests

Further information on the Sale Business and Interests is contained in Part VI (*Oil and Gas Reserves Information*).

4. Information on the Purchasers

Sval

Sval is a privately owned Norwegian energy company, headquartered in Stavanger, Norway. Backed by the leading energy investor HitecVision Advisory AS (“**HitecVision**”), Sval 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.

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 sells crude oil and is 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.

5. 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, EEA and EUK (the “**Purchase Agreements**”) sell: (i) to Sval, the Norwegian Business held by SEN for \$1,026 million; and (ii) to EEA and EUK, the Statfjord Norway Interests held by SEN and the Statfjord U.K. Interests 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 per cent. 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, EUK (backed by a guarantee from Equinor) and EEA.

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 the 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 Staffjord 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 Staffjord 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 and outlined in paragraph 1.4 of Part III (*Summary of the Principal Terms of the Transaction Documents*) below, 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.

6. 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 cash flows. As at 8 December 2021 (the date on which the Transaction was signed and announced), the proceeds to be distributed were expected to be approximately £810 million (on a 100 per cent. basis), with Centrica's 69 per cent. 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.

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

The distribution to Centrica of its 69 per cent. 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 Shareholders, with the potential for growth in earnings and operating cash flows. The Board continues to recognise the importance of dividends to Shareholders and intends to recommence dividends when it is prudent to do so.

8. 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 "**Put Option**"); 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 per cent., as further described in paragraph 6(D) of Part III (*Summary of the Principal Terms of the Transaction Documents*); and
- (E) reflecting the new distribution policy described in section 2 above.

9. Summary information on the Continuing Group 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, 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 per cent. interest in EDF Energy's operating U.K. nuclear power generation fleet ("**Nuclear**"). Having announced in 2018 that Centrica intended to divest its 20 per cent. 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 subsidiary, Centrica Storage Limited ("**CSL**"), 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 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.

10. Current trading, financial position and future prospects of the Group

The Group published the Centrica 2021 Interim Results on 22 July 2021 for the six-month period ended 30 June 2021. The results announcement included the following summary of significant trends in the financial performance of the Group for this period:

Our first half financial result was overall broadly as we expected, and we remained focused on protecting our colleagues and our customers, and as a result the business, during the ongoing Covid-19 pandemic. Group revenue from continuing operations included in business performance increased by 6% to £8.2bn (2020: £7.7bn). Adjusted operating profit from continuing operations was broadly flat at £262m (2020: £264m) and adjusted basic EPS from continuing operations was 1.7p (2020: 1.6p). Total Group free cash flow from continuing operations was up 4% to £524m, with lower capital expenditure reflecting ongoing capital discipline. Net debt was down to £0.1bn from £3.0bn over H1 2021, including the impact of proceeds received from the sale of Direct Energy in January 2021.

The combined net negative impact of Covid-19 across the Group and industrial action in British Gas Services & Solutions on adjusted operating profit was estimated at £87m in H1 2021, compared to an estimated net impact of £29m in H1 2020 which included a number of mitigating actions not repeated in H1 2021, including £27m under the UK Government's Coronavirus Job Retention Scheme. An outage at the Whitegate gas-fired power station in Ireland negatively impacted Bord Gáis Energy adjusted operating profit by £28m. In addition, Energy Marketing & Trading adjusted operating profit fell, with exceptionally strong trading and optimisation performance in 2019 and 2020 not repeated and an increased loss from its remaining legacy gas contract.

However, colder than normal weather positively impacted our energy supply businesses, mainly British Gas Energy, partially offset by the impact of having to buy incremental gas and power volumes at higher prices, and higher balancing costs. The net positive impact on adjusted operating profit was an estimated £59m. British Gas Energy, British Gas Services & Solutions, Bord Gáis Energy and Centrica Business Solutions also all saw improved underlying performance, including benefit from cost efficiencies. In addition, Upstream adjusted operating profit increased, with the impact of higher gas, oil and power prices and lower depreciation more than offsetting the impact of lower gas and oil production and nuclear generation.

The factors we set out in our Preliminary Results in February 2021 that we expect to impact our 2021 full year outlook remain relevant. Bord Gáis Energy's Whitegate CCGT remains offline having experienced a forced outage in December 2020, and it is currently expected the power station will be back online towards the end of 2021. Adjusted operating profit is expected to be negatively impacted by up to £40m due to lost revenue and higher market power price exposure to meet customer demand. We still forecast that ECO costs in British Gas Energy will be around £80m higher for the full year than in 2020, and this level of spend is projected to continue into 2022.

We still expect to benefit materially from our significant restructuring programme, with year-on-year operating cost savings of more than £100m. Combined with the impact of colder weather conditions in the UK, we continue to expect to see some margin recovery in British Gas Energy in 2021 when compared to 2020 despite a fall in underlying consumption, a reduction in customer numbers and the higher ECO costs.

The increase in wholesale commodity prices is starting to benefit our Upstream businesses, however full year Spirit Energy gas and oil production volumes are now expected to be around 15%-20% lower in 2021 than in 2020. We also expect to see additional depreciation of around £40m in H2 2021 as a result of the write-backs on Spirit Energy assets. On Nuclear, we have greater clarity on the future of some stations, however nuclear generation is expected to be lower in 2021 than in 2020 given H1 2021 output and current plant outages.

The remaining legacy gas contract in Energy Marketing and Trading is now expected to make a full year operating loss in 2021 around the upper end of the previously provided £50m-£100m per

annum range, reflecting recent commodity price moves. We expect annual losses for the remaining four years of the contract to fall back within the £50m-£100m range.

Although Covid-19 had a material impact on the financial result in H1 2021, the easing of restrictions is expected to result in some recovery in business energy demand in H2 2021. In addition, we expect to see a return to more normal levels of services and solutions workload. However, we remain cautious on the potential for incremental working capital outflow and higher bad debt costs due to an uncertain economic outlook and the end of various government support schemes.

Since this statement was made, wholesale commodity prices have risen significantly. On 13 October 2021, Centrica announced that performance since the Centrica 2021 Interim Results had been in line with expectations and that as a responsible energy supplier built on a sustainable model the Group was well hedged for the coming winter and beyond. Centrica also announced its balance sheet remained strong and its transformation remained on track. For more detail on the effect of the rise of wholesale commodity prices on the Group, see paragraph 2.1 and paragraph 3.2 of Part II (*Risk Factors*).

There has been no significant change to the current trading of the Group since this announcement was made on 13 October 2021.

11. Risk factors and further information

You should read the whole of this document and should not just rely on the summarised information contained in this Part I. In particular, your attention is drawn to the risk factors set out in Part II (*Risk Factors*) of this document.

12. General Meeting

The Transaction (comprising the Sales and the terms of the Amended SHA, which includes the Put Option) constitutes a class 1 transaction under the Listing Rules. As such, the sale is conditional upon the approval of Shareholders at the General Meeting.

A notice convening the General Meeting, to be held at Heathrow/Windsor Marriott Hotel, Ditton Road, Langley, Slough SL3 8PT at 9.00 a.m. on 13 January 2022, is included on page 72 of this document. As at the Latest Practicable Date, public health guidance and legislation issued by the U.K. Government in relation to the COVID-19 pandemic would permit public gatherings and travel at the date of the General Meeting. Although attendance in person at the General Meeting is possible, in order to minimise the public health risks from public gatherings and travel because of the COVID-19 pandemic, refreshments will not be served, and Directors will not be available to meet with Shareholders, before or after the General Meeting. Shareholders are strongly encouraged to appoint the chairman of the General Meeting as their proxy and to give their instructions on how they wish the chairman of the General Meeting to vote on the Resolution on their behalf. Shareholders and their duly appointed representatives and/or proxies are also able to participate remotely via live webcast which is accessible by logging on to web.lumiagm.com. The Virtual Meeting Guide, which is available on Centrica's website at <https://www.centrica.com/GMJ22>, contains further information on the electronic elements of the General Meeting, includes instructions on how to join the meeting and submit votes on the day along with the relevant contact details if you encounter any issues.

Centrica will continue to monitor the developing impact of COVID-19, including any changes to applicable law or guidance from the U.K. Government. Should it become necessary or appropriate to revise the current arrangements for the General Meeting, Centrica will notify Shareholders via its website and (where appropriate) via a Regulatory Information Service. Shareholders are therefore encouraged to check Centrica's website and the latest U.K. Government guidance before finalising their travel arrangements to attend the General Meeting in person.

The Company encourages Shareholders to submit any questions they would like to have answered at the General Meeting in advance through a dedicated platform on our website at <https://www.centrica.com/GMJ22>, so as to be received no later than 6.30 p.m. on 10 January 2022. Shareholders can also submit questions during the meeting, either in person or via web.lumiagm.com. Where it is not possible to answer any of the questions submitted prior to and

during the General Meeting (for example, due to time constraints), the Board's responses to your questions will be published on our website as soon as is practicable after the General Meeting.

The Resolution will be decided on a poll. The Board believes a poll is more representative of Shareholders' voting intentions because Shareholders' votes are counted according to the number of shares held and all votes tendered are taken into account. The results of the General Meeting will be published on the Company's website (<https://www.centrica.com/GMJ22>) and will be released via a Regulatory Information Service as soon as practicable following the closing of the General Meeting.

13. Action to be taken

Your support is important to us. You can appoint a proxy (including the chairman of the General Meeting) and submit voting instructions in any of the following ways:

- by logging on to sharevote.co.uk;
- via CREST;
- via the Proxymity platform at www.proxymity.io; or
- by completing and returning the paper Proxy/Voting Form if one has been sent to you.

Please read the notes to the Notice of General Meeting on pages 73 to 75 of this document for further details of the General Meeting, including the appointment of proxies.

14. Financial advice

The Board has received financial advice from Goldman Sachs and Robey Warshaw in relation to the Transaction. In providing their advice to the Board, Goldman Sachs and Robey Warshaw have relied on the Board's commercial assessment of the Transaction.

15. Recommendation to Shareholders

The Board considers the Transaction (and the Resolution necessary to implement the Transaction) to be in the best interests of Centrica and its Shareholders as a whole and unanimously recommends that Shareholders vote in favour of the Resolution, as the Directors intend to do in respect of their own individual beneficial holdings, which amount to 791,384 Centrica Shares in aggregate, representing approximately 0.013 per cent. of the total voting rights in Centrica as at the Latest Practicable Date.

Yours faithfully,

Scott Wheway
Chairman

Part II

RISK FACTORS

Prior to making any decision to vote in favour of the Resolution at the General Meeting, Shareholders should carefully consider the factors and the risks associated with the Transaction, together with all other information contained in this document, including, in particular, the risk factors described below. The risks disclosed are those that the Company considers: (i) are material risks relating to the Transaction; (ii) will be material new risks to the Continuing Group as a consequence of the Transaction; or (iii) are existing material risks for the Group that will be impacted by the Transaction.

The risk factors set out in this document are those that are required to be disclosed under the Listing Rules, and do not seek to cover all of the material risks which generally affect the Group. Further information on the material risks which generally affect the Group are set out in Centrica's 2020 Annual Report.

The following is not an exhaustive list or explanation of all the risks that may affect Centrica Shares or the Group. Additional risks and uncertainties relating to Centrica Shares and the Group that are not currently known to the Directors, or that the Directors currently deem immaterial, may, individually or cumulatively, also have a material adverse effect on the business, financial results or financial condition and prospects of the Group, and, if any such risk should materialise, the price of Centrica Shares may decline and investors could lose all or part of their investment.

The information given is at the date of this document and, except as requested by the FCA or required by the Listing Rules or any other applicable law, will not be updated. Any forward-looking statements are made subject to the reservations specified under "Forward-looking statements" at the beginning of this document.

1. Risks relating to the Transaction

1.1 The Sales may be delayed or may not proceed to Completion

Completion of the Sales is subject to the satisfaction or waiver of certain conditions under each of the Purchase Agreements, including (without limitation) the receipt of certain antitrust and regulatory approvals as well as the passing of the Resolution at the General Meeting prior to the First Longstop Date. Completion of each of the Sales is interconditional, except that the Norwegian Business Sale and the Staffjord Norway Sale can complete if certain regulatory conditions to the Staffjord U.K. Sale remain outstanding. For more detail on the conditions applicable to each of the Purchase Agreements, see Part III (*Summary of the Principal Terms of the Transaction Documents*).

Whilst the parties to the Purchase Agreements have, in the majority of cases, agreed to use their "reasonable endeavours" to satisfy the conditions as soon as reasonably practicable, there is no guarantee that any or all the conditions will be satisfied or waived (as applicable) by the relevant longstop date. The Sales may therefore be delayed or may not complete at all.

If the Sales do not proceed to Completion, the Group will not receive any cash proceeds from the Sales and will not realise any of the potential benefits of the Sales. This may prejudice the Group's ability to create Shareholder value by implementing its long-term strategy. Furthermore, the Group may have difficulty in realising a future divestment of the Sale Business and Interests on the same or better terms as those offered pursuant to the Sales, particularly as production and life of the assets decline. The Group will have incurred material costs in connection with the Sales, including the costs of negotiating the Transaction Documents, and these will be incurred irrespective of whether Completion occurs. Further information regarding such transaction costs is set out in Part V (*Unaudited Pro Forma Financial Information of the Continuing Group*) of this document. In addition, the position and prospects of the Sale Business and Interests (and, in turn, their potential future value to the Group) may be materially harmed by any disruptive impact that Spirit Energy experiences as a result of the Sales, in particular if the Sales fail to complete (see paragraph 1.2 of this Part II for further details).

1.2 The Sales may have a disruptive impact on Spirit Energy

Consummation of the Sales will require significant work and resource among Spirit Energy's senior management and employees that could otherwise be spent productively operating the Sale Business and Interests in the ordinary course. Spirit Energy's management and employees may become distracted by the Sales and any perceived uncertainty as regards the future ownership of

the Sale Business and Interests and may become reluctant to make long-term commitments to Spirit Energy. If key management and employees of Spirit Energy decide to leave, Spirit Energy may encounter additional costs in recruiting and attempting to recruit appropriate replacements, and there is no guarantee that Spirit Energy will be able to identify suitably talented or qualified replacements. Any disruption to Spirit Energy as a result of the Sales could impact the value, position and prospects of the Sale Business and Interests, Spirit Energy and the Group, in particular if the Sales do not proceed to Completion.

1.3 Third party interference with the Sales

Centrica may receive unsolicited competing offers for all or part of the Sale Business and Interests in the period between publication of this document and the date of the General Meeting. The Directors might consequently be required (in accordance with their fiduciary duties and subject to the terms of the Purchase Agreements and related side letters) to amend or withdraw their recommendation in favour of the Resolution and the Transaction and postpone or cancel the General Meeting.

In addition, as a listed company, Centrica could be exposed to approaches from third parties seeking to instigate a public takeover of Centrica and, prior to the General Meeting, the Directors might consequently be required (in accordance with their fiduciary duties) to withdraw their recommendation in favour of the Resolution and the Transaction, which may result in the Sales not proceeding to Completion.

1.4 Centrica and Spirit Energy's reputations may be harmed if the Sales do not proceed to Completion

Centrica and Spirit Energy face high levels of media and public scrutiny in the countries in which they operate and as such the Sales are likely to receive extensive media coverage in the U.K. and Norway. In its half-year announcement on 30 July 2019, Centrica announced its intention to exit oil and gas production, as part of a strategic shift away from upstream oil and gas and towards its customer facing business activities. This intention has been repeated in subsequent public announcements by Centrica, most recently as part of the Centrica 2021 Interim Results. The Sale Business and Interests represent, in aggregate, 52 per cent. of Spirit Energy's total production in 2020 and 63 per cent. of Spirit Energy's total 2P reserves as at 31 December 2020, thereby largely achieving Centrica's intention to exit oil and gas production. If the Sales do not proceed to Completion, the reputations of Centrica and Spirit Energy may be adversely impacted as a result of public scrutiny in connection with the attempted Sales. This could, in turn, have a material adverse effect on the Group's business, results of operations and overall financial condition.

1.5 Centrica may incur liability under the Purchase Agreements

Each of the Purchase Agreements contain customary warranties, indemnities and other contractual protections given by each of the relevant Sellers in favour of each of the relevant Purchasers, as further described in Part III (*Summary of the Principal Terms of the Transaction Documents*) of this document. Spirit Energy has undertaken a customary due diligence and disclosure exercise against the warranties, and, in addition, the Norwegian Business Purchaser has obtained the W&I Insurance Policy 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 in respect of claims for fraud or wilful misconduct or in respect of fundamental warranties or certain tax warranties that are uninsurable in the W&I insurance market). Notwithstanding this, any liability to make a payment arising from a successful claim by any of the Purchasers under any of the relevant provisions of any of the Purchase Agreements (that is not covered by the Norwegian Business Purchaser's W&I Insurance Policy in relation to the Norwegian Business Purchase Agreement) would reduce the net sale proceeds from the Sales and could have an adverse effect on the business and financial condition of the Group, or if the Sales proceed to Completion, the Continuing Group.

Each of the Purchase Agreements also contain warranties, indemnities and other contractual protections given by each of the relevant Purchasers in favour of each of the relevant Sellers, as well as providing for the payment of further contingent consideration in certain circumstances. The extent to which the Purchasers may be required to make payments in respect of a breach of these contractual provisions and/or the contingent consideration arrangements is uncertain. However, if any of the Purchasers' financial conditions deteriorates in the period leading up to and

after Completion, any payment due to the relevant Seller from the relevant Purchaser may be put at risk. The Purchasers' liability in relation to the indemnities they give in the applicable Purchase Agreements is uncapped.

1.6 The consideration payable in respect of the Sales is exposed to currency exchange fluctuations

The consideration payable in respect of the Sales is denominated and payable in U.S. Dollars. Centrica is considering a range of risk management strategies intended to hedge the risks of exchange rate fluctuations associated with the Sales. Notwithstanding this, there is a risk that exchange rate fluctuations will result in the Sterling proceeds from the Sales being lower than Centrica currently anticipates, which may have an adverse impact on the Continuing Group's intended use of the proceeds from the Sales.

1.7 Centrica will retain residual decommissioning liabilities in respect of the Sale Business and Interests

After the completion of the Norwegian Business Sale, SEN will retain secondary statutory liability, on a post-tax basis, relating to the abandonment, decommissioning and/or removal of the facilities at the various fields forming part of the Norwegian Business. Centrica has provided a parent company guarantee to the Norwegian State relating to SEN's obligations and liabilities related to exploration and production activities on the Norwegian Continental Shelf (the "**Norwegian State PCG**"), which is likely to remain in place after completion of the Norwegian Business Sale. As part of the Norwegian Business Sale, Sval will indemnify SEN and Centrica against these decommissioning liabilities, and has agreed to provide security in respect of those liabilities as set out in the Exit DSA and the Equinor DSAs. Those DSAs contain a "Trigger Date" concept, whereby: (i) in respect of the Exit DSA, Sval is not obliged to provide any security in respect of a field until the Trigger Date is met for that field; and (ii) in respect of each Equinor DSA, security needs to be provided on a post-tax basis until the Trigger Date is met. The Trigger Date will be the date upon which it is calculated in accordance with the DSA that the anticipated decommissioning costs (taking into account the tax rate and a risk factor) of the fields are equal to or greater than the value of the interests. Until the Trigger Date for each field is met (and the relevant security provided), there is therefore the risk that Centrica does not benefit from security in respect of the full amount of anticipated decommissioning liabilities.

There is an inherent risk that the DSA arrangements and commercial structure as described above may be re-characterised by the Norwegian authorities and a payment made under the security posted under such arrangements may be deemed taxable income to SEN (such that SEN is taxed on receipt of these funds, effectively increasing SEN's liability). However, based on the Norwegian authorities' previous position on similar exit transactions, this risk is considered remote, and this risk is further mitigated as any such tax would be payable by Sval under the Exit DSA.

In respect of the Statfjord Norway Interests, as above, SEN will retain secondary statutory liability, on a post-tax basis, in respect of decommissioning and Centrica has guaranteed this liability under the Norwegian State PCG. In respect of the Statfjord U.K. Interests, SERL and Centrica will each retain residual statutory liability for decommissioning liabilities in accordance with the Petroleum Act 1998. In addition, SEN and SERL are liable, respectively, under certain existing decommissioning security arrangements in favour of third parties (entered into when SEN/SERL acquired the relevant interests), and Centrica has provided parent company guarantees to certain third parties in respect of these liabilities. EEA and EUK will indemnify SEN, SERL and Centrica in respect of any such decommissioning liability and are obliged to use reasonable endeavours to procure a release of SEN, SERL and Centrica in respect of the existing decommissioning security arrangements.

EUK is required to provide a parent company guarantee on the completion of the Statfjord U.K. Sale. In the event that the guarantor ceases to meet a financial test, EUK must procure a parent company guarantee from an entity within the Equinor group which satisfies the relevant ratings test or enter into decommissioning security agreements in respect of the Statfjord U.K. Interests. In respect of the Statfjord Norway Interests, EEA is not required to provide a guarantee at completion, however if EEA fails to meet a financial test it shall provide a guarantee from a member of its group with the relevant credit rating, or enter into decommissioning security agreements in respect of the Statfjord Norway Interests.

2. New material risks relating to the Continuing Group

2.1 The Continuing Group will be less diversified and will be more dependent on the performance of the Continuing Group

Following Completion, Spirit Energy's portfolio, and thereby the Continuing Group's operations, will be less diversified, including geographically, and as a consequence the Continuing Group will be more susceptible to adverse developments in the remaining markets and segments in which its businesses operate. The Continuing Group will, following the Sales, become more dependent on the financial performance of these remaining business divisions and will therefore become more exposed to the risks faced by those divisions.

In particular, the operations of the Continuing Group following the Sales will be more exposed to the performance of British Gas, Bord Gáis Energy and Centrica Business Solutions. These businesses operate in highly competitive markets that are subject to political and regulatory interventions. For example, British Gas operates in the U.K. domestic energy supply market, which, in 2018, became subject to a U.K. Government imposed cap on standard variable and default energy tariffs. The introduction of this cap from January 2019 resulted in a material adverse impact on the Group's business, results of operations and overall financial condition in the financial years ended December 2019 and December 2020 and may continue to do so. Regulators including Ofgem and the Competition and Markets Authority have also led a number of initiatives in recent years aimed at increasing competitive tension in the domestic energy supply market, focussing predominantly on increasing customer engagement and encouraging customer churn. Any future interventions of this nature have the potential to result in a significant loss of customers for British Gas and therefore a significant adverse impact on its overall financial condition. Furthermore, current high wholesale energy prices mean that providing gas and electricity to customers at a price at or below the price default tariff cap level relies on the Group having accurately forecast the number of customers on default tariffs and their demand for gas and electricity, which may be more difficult to achieve the longer commodity prices remain (or are predicted to remain) high.

The potential impact of the Continuing Group being less diversified may become more pronounced if Centrica is able to further deliver on its stated intention to divest its non-core assets, for example by disposing of its remaining interests in Spirit Energy and/or its interest in Nuclear.

2.2 The Continuing Group's income stream will be reduced

Following Completion, Spirit Energy's portfolio will consist of a higher proportion of late-life assets with a shorter remaining timeline for production, and the Continuing Group will no longer receive the contribution that the Sale Business and Interests makes to the consolidated trading position of the Group. For the financial year ended 31 December 2020, the Sale Business and Interests contributed revenue of £603 million, profit after tax of £11 million, and operating loss of £73 million which represented 5 per cent. and 20 per cent. of statutory Group revenue and statutory Group operating loss respectively. Furthermore, Spirit Energy's new financial framework (the "**New Financial Framework**") stipulates that it is not the policy to replenish such assets from the portfolio. As a result of its reduced income stream following the Sales, the Continuing Group's debt capacity will be reduced and the operating cash flow is forecast to be lower which could impact the Continuing Group's ability to pay dividends in the future.

3. Existing material risks to the Group that will be impacted by the Transaction

3.1 The market price of Centrica Shares may fluctuate on the basis of market sentiment surrounding the Sales

The value of an investment in Centrica may go down as well as up. The price of Centrica Shares will be influenced by a large number of factors, some specific to the Continuing Group and its operations and some which may affect the markets and segments in which the Continuing Group operates as a whole. The sentiment of the stock market regarding the Sales is one such factor. The other factors that may affect Centrica's share price include (but are not limited to): (i) actual or anticipated fluctuations in the financial performance of the Continuing Group; (ii) market fluctuations; and (iii) legislative or regulatory changes in the markets and segments in which the Continuing Group operates.

3.2 The Group's credit ratings may not be sustained

The Group benefits from its corporate investment grade credit ratings (long term debt: Baa2 negative outlook (Moody's), BBB negative outlook (Standard & Poor's); short term debt: P-2 negative outlook (Moody's), A-2 negative outlook (Standard & Poor's)). Although the Group reported a very low level of net financial indebtedness in the Centrica 2021 Interim Results of £93 million, there is a risk that, in the current economic climate and trading conditions, the Group's current ratings will not be preserved. Whilst the Group intends, following Completion, to apply the proceeds to make a reduction in net financial indebtedness, the rating agencies are likely to weigh any such actions against the fact that the Group will be deemed to be less diversified and more dependent on the performance of members of the Continuing Group, meaning that, although a credit rating downgrade is not currently anticipated, there is no guarantee that the reduction in net financial indebtedness will enable the Group to preserve its current ratings. In the short-term, given the ongoing discussions with the Pension Trustees and the uncertainty resulting from the current commodity price environment and its impact on the U.K. energy supply market, the Company will initially retain the proceeds, including any proceeds received from the contingent consideration arrangements, as cash on its balance sheet.

On 28 July 2020, Moody's announced that it was placing Centrica's rating on negative outlook, given the Group's evolving business profile and uncertainty regarding the final shape of the Group and its financial profile, in light of the Company's strategy of divesting its interests in Spirit Energy and Nuclear, and the persistently difficult operating environment. On 30 July 2020, Standard & Poor's announced that it was placing Centrica's rating on negative outlook. It stated that its negative outlook reflected the ongoing challenging market conditions due to high competitive pressure in the U.K. energy market and the uncertain effect of the COVID-19 pandemic over the next two years.

Any deterioration in the Group's credit ratings may increase its cost of funding or otherwise affect its ability to obtain credit from other counterparties. The Group may also need to increase its levels of margin or other security in its wholesale commodity contracts or face limits on its ability to trade in commodity markets and to implement its hedging strategy, including as a result of no longer being able to post parent company guarantees to support some of the Group's activities and liabilities relating to E&P. Any of these factors could have a material adverse effect on the Group's business, results of operations and overall financial condition.

3.3 The Group may fail to attract and retain senior management, skilled personnel and capabilities

The attraction, development, retention, reputation and succession of senior management and individuals with key skills are critical factors in the successful execution of the Group's strategy, and operation of the Group's businesses. This is especially relevant in the highly competitive markets in which the Group currently operates or plans to operate and at times when the business is subject to high levels of public scrutiny. The reduction in size and diversification of the Continuing Group following the Sales and/or any negative publicity associated with the Sales may make it more difficult for the Group to attract and retain talented employees, which could compromise the achievement of the Group's strategic objectives.

3.4 The Sales may make the sale of Centrica's remaining interest in Spirit Energy more challenging which could impact the future strategy of the Continuing Group

The future success of the Continuing Group will depend on the successful implementation of its business strategy to become a simpler, leaner group focused on delivering for its customers and its target to be net zero by 2045. Consistent with this strategy, Centrica has announced its intention to sell its remaining interests in Spirit Energy over time, however this may become more difficult as Completion will result in Spirit Energy being a less valuable E&P company with a larger proportion of decommissioning liabilities relative to future production reserves. This could mean that the pool of potential purchasers is reduced and there is no guarantee that Centrica would be able to reach an agreement with any such potential purchaser. In such circumstances, management may be obliged to re-evaluate the strategy to exit the remaining interests in Spirit Energy.

Part III

SUMMARY OF THE PRINCIPAL TERMS OF THE TRANSACTION DOCUMENTS

1. Norwegian Business Purchase Agreement

1.1 Parties and structure

The Norwegian Business Purchase Agreement was entered into on 8 December 2021 by and among SEN, Spirit Energy, Sval and Sval Energi Invest AS, regarding the assignment of SEN's business and interests on the Norwegian Continental Shelf, other than those relating to the Statfjord field (the "**Norwegian Business**"). The Norwegian Business Purchase Agreement is governed by Norwegian law.

SEN's assets relating to the Statfjord field will be carved out from SEN ahead of completion of the Norwegian Business Sale as these assets are being sold to EEA and will therefore not be sold as part of the Norwegian Business Sale.

1.2 Consideration

In consideration for the sale of the Norwegian Business, Sval will pay to SEN the sum of \$1,025.8 million. The consideration is subject to customary adjustments in the context of the sale of interests in Norwegian offshore petroleum licences, including a fixed working capital adjustment to reflect the working capital balance for the Norwegian Business as at 1 January 2021 and adjustments in respect of cash calls in respect of the Norwegian Business between 1 January 2021 and completion, petroleum sales received by or credited to SEN in connection with the sale and/or supply of petroleum from and in relation to the Norwegian Business on and from 1 January 2021 and all other costs and expenses incurred or paid by SEN in respect of the Norwegian Business between 1 January 2021 and completion. Whether each category of adjustment yields a change to the consideration will depend on the facts and circumstances at the date of completion of the Norwegian Business Sale.

In light of the current volatile gas prices, SEN will also receive contingent consideration if gas prices exceed certain floor prices from 5 October 2021 until the end of 2022. The gas floor price for the remainder of 2021 is 145.8p/therm and for 2022 is 96.9p/therm and SEN will, for each Relevant Day, receive 50 per cent. of the difference between the relevant floor price and the NBP index price on the working day preceding the Relevant Day, multiplied by the volume of gas delivered on the Relevant Day. The contingent consideration will never be less than zero.

1.3 Deposit

Sval has agreed to pay SEN a deposit of \$50 million upon signing of the Norwegian Business Purchase Agreement. If completion of 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 outlined in section 1.4 below, the deposit can be retained by SEN.

1.4 Conditions to Completion

Completion of the Norwegian Business Sale is conditional upon satisfaction or waiver of the following conditions:

- (A) receipt of written approval by the Ministry of Petroleum and Energy pursuant to sections 10-12 of the Norwegian Petroleum Act on terms reasonably satisfactory to SEN and Sval;
- (B) receipt of written approval by the Ministry of Finance pursuant to section 10 of the Petroleum Tax Act on terms reasonably satisfactory to SEN and Sval;
- (C) waiver of state pre-emption rights pursuant to the relevant joint operating agreements;
- (D) if applicable, obtaining any necessary competition authority approval or clearances;
- (E) confirmation that all conditions for completion of the Statfjord Norway Sale have been satisfied or waived;

- (F) the Shareholders of the Company having approved, by way of a shareholder resolution passed by a majority of those entitled to vote, the transaction contemplated by the Norwegian Business Purchase Agreement;
- (G) (i) the City Council (*Stadtrat*) of the City of Munich (*Landeshauptstadt München*) having unconditionally approved the transaction contemplated by the Norwegian Business Purchase Agreement and either (a) the expiry of six (6) weeks from the day following the day of such approval in which time there has been no objection or prolongation of the review period by the Regional Government of Upper Bavaria (*Regierung von Oberbayern*) with respect to the completion of the transaction or (b) in case there has been an objection or prolongation of the review period by the Regional Government of Upper Bavaria (*Regierung von Oberbayern*) during the time period of six (6) weeks from the day following the day of such approval (other than a final rejection of the transaction), the unconditional approval of the transaction or lack of a final rejection of the transaction by the Regional Government of Upper Bavaria (*Regierung von Oberbayern*) during the prolonged review period;
- (ii) the shareholders of Bayerngas GmbH having unconditionally approved, by way of a shareholder resolution passed by a majority of those entitled to vote, the transaction contemplated by the Norwegian Business Purchase Agreement and either (a) all shareholders of Bayerngas GmbH having waived the rights to challenge (*anfechten*) the resolution and to have the resolution declared void (*nichtig*) or (b) the expiry of two months from the day following the day of the resolution in which time no lawsuit for challenging (*anfechten*) the resolution or declaring the resolution void (*nichtig*) has been initiated; and
- (iii) the shareholders of BE/PB having unconditionally approved, by way of a unanimous shareholder resolution, the transaction contemplated by the Norwegian Business Purchase Agreement.

SEN and Sval shall each use their reasonable endeavours, and shall cooperate with each other, to obtain fulfilment of: (i) the condition precedent set out in paragraph (F) above as soon as practicable and in any event by the First Longstop Date (or such later date as SEN and Sval may agree); (ii) the conditions precedent set out in paragraph (G) above as soon as practicable and in any event by the Second Longstop Date (or such later date as SEN and Sval may agree); and (iii) all other conditions precedent as soon as practicable and in any event by the Third Longstop Date (or such later date as SEN and Sval may agree).

If the conditions precedent set out in paragraphs (F) or (G) above are not satisfied or waived on or before the First Longstop Date (or such later date as SEN and Sval may agree) or the Second Longstop Date (or such later date as SEN and Sval may agree), respectively, or any conditions precedent are not satisfied or waived on or before the Third Longstop Date (or such later date as SEN and Sval may agree), then the parties shall try to agree an acceptable solution, failing which, either party may terminate the Norwegian Business Purchase Agreement.

However, if the conditions precedent set out in paragraphs (F) or (G) above are not satisfied or waived on or before the First Longstop Date (or such later date as SEN and Sval may agree) or the Second Longstop Date (or such later date as SEN and Sval may agree), respectively, or any conditions precedent are not satisfied or waived on or before the Third Longstop Date (or such later date as SEN and Sval may agree) due to a party's breach of certain of its obligations in respect of achieving satisfaction of the conditions precedent, then: (i) the defaulting party will not be entitled to terminate the Norwegian Business Purchase Agreement; and (ii) the non-defaulting party has the right to: (a) require that the defaulting party remedies such default; or (b) regardless of whether the defaulting party has initiated remedial actions, terminate the Norwegian Business Purchase Agreement.

Waiver of the conditions precedent shall require the consent of SEN and Sval, except that the conditions precedent relating to shareholder approval cannot be waived.

The Norwegian Business Purchase Agreement sets out various obligations on Sval at completion (including paying the consideration) and, if Sval does not comply with these obligations, then SEN may proceed to completion (as far as practicable) or terminate the Norwegian Business Purchase Agreement.

1.5 SEN warranties

SEN has given a limited set of warranties to Sval that are customary for a transaction of this nature. These include, among other things, a warranty that SEN owns the business and interests of SEN, free and clear from any encumbrances. The SEN warranties also include statements regarding capital structures, financial statements, tax affairs, employees, litigation, legal and regulatory compliance, environmental matters, insurance matters and material contracts.

Sval has given certain representations and warranties to SEN that are customary for a transaction of this nature. These include, among other things, a warranty that Sval is validly incorporated and has the power to enter into the Norwegian Business Purchase Agreement.

Sval has obtained a warranty and indemnity insurance policy (the “**W&I Insurance Policy**”). Following completion of the Norwegian Business Sale, Sval’s sole and exclusive recourse for any inaccuracy in or breach of the warranties given by SEN will be against the W&I Insurance Policy (other than in respect of claims for fraud or wilful misconduct or in respect of fundamental warranties or certain tax warranties that are uninsurable in the W&I insurance market).

1.6 Indemnities

Tax Indemnity

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 “**Tax Indemnity**”). 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 agreed to guarantee SEN’s obligations under the Tax Indemnity. Furthermore, SEN or Spirit Energy have committed to provide \$200m of security for certain claims covered by the Tax Indemnity. That security can be, at Spirit Energy’s or SEN’s option, in the form of cash in a blocked account, or letters of credit, or a combination of the two. Once the relevant tax claims released, settled or subject to a demand for payment by the tax authorities (which has been paid), any remaining security shall be released.

Spirit Energy has the benefit of protection from GBGH and, via a parent company guarantee, 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.

General Sval indemnity

Subject to limited exceptions, Sval will indemnify, and hold harmless, SEN, its affiliates and the BE/PB parties from and against all and any costs, expenses, liabilities, obligations, demands, losses, debts, claims and actions (including legal costs on an indemnity basis) relating to the Norwegian Business however arising (whether arising before, on or after 1 January 2021 and regardless of whether arising due to the negligence of any of SEN, its affiliates and the BE/PB parties or breach of duty (statutory or otherwise)) on the part of any of SEN, its affiliates and the BE/PB parties.

Decommissioning indemnity

Sval shall be responsible for and shall indemnify, and hold harmless, SEN, its affiliates and direct and indirect shareholders (including, for the avoidance of doubt, BE/PB, SWM, Bayerngas GmbH, and their direct and indirect shareholders) against all and any actions, claims, proceedings, losses, liabilities, obligations, damages, payments, costs, fees, expenses or demands (whether arising before, on or after 1 January 2021 and regardless of whether resulting from any acts or omissions, negligence or breach of duty, whether statutory or otherwise, and regardless of the conduct or statements of SEN or the condition of the Norwegian Business) relating to: (i) obligations in respect of the Norwegian Business pursuant to the Norwegian Petroleum Act and any other relevant Norwegian law or governmental decision relating to decommissioning, removal, disposal, remedial work and/or similar activities of all related facilities and equipment; (ii) SEN’s

removal or abandonment obligations as shipper in any part of the Gassled system, SAGE transportation system, Edvard Grieg Oil Pipeline, Utsira High Gas Pipeline, Grane Oljerør, Oseberg transportation system, Kvitebjørn Oljerør and Troll Oljerør 2, in each case up until completion under the Norwegian Business Purchase Agreement; (iii) environmental obligations; (iv) certain safety hazards and deficiencies; (v) certain safety obligations; and (vi) exposure to chemicals and other hazardous substances.

1.7 Interim Period

SEN has agreed in the period up to completion of the Norwegian Business Sale to: (i) conduct the Norwegian Business in substantially the same manner as in the previous 12 months; (ii) use all reasonable endeavours to preserve substantially intact the Norwegian Business and organisation and maintain its rights and ongoing operations; (iii) maintain its relationships with employees, customers, suppliers and others who may have business dealings with it in the ordinary course of business; (iv) maintain its tangible assets in good operating condition and repair; and (v) comply with certain customary restrictions, in each case subject to negotiated exceptions.

1.8 No-Shop

SEN has agreed that it will not, and will procure that Centrica and SWM will not, in respect of the Norwegian Business, directly or indirectly: (i) solicit bids from; (ii) provide further information to; or (iii) continue discussions or negotiations with, any other potential purchasers. These restrictions do not prevent SEN, Centrica or SWM from responding to any unsolicited proposal received which they consider, acting reasonably, to represent a superior proposal to the final terms agreed with Sval under the Norwegian Business Purchase Agreement, subject to Sval being granted matching rights.

2. **Statfjord Norway Purchase Agreement**

2.1 Parties and structure

The Statfjord Norway Purchase Agreement was entered into on 8 December 2021 by SEN and Equinor Energy AS (“**EEA**”), regarding the assignment of the Statfjord Norway Interests. The Statfjord Norway Purchase Agreement is governed by Norwegian law.

2.2 Consideration

In consideration for the sale of the Statfjord Norway Interests, EEA will pay to SEN the sum of \$50 million (in aggregate with the consideration to be paid under the Statfjord U.K. Purchase Agreement). The consideration is subject to customary adjustments in the context of the sale of interests in Norwegian offshore petroleum licences, including a fixed working capital adjustment to reflect the working capital balance for the Statfjord Norway Interests as at 1 January 2021 and adjustments in respect of cash calls in respect of the Statfjord Norway Interests between 1 January 2021 and completion, petroleum sales received by or credited to SEN in connection with the sale and/or supply of petroleum from and in relation to the Statfjord Norway Interests on and from 1 January 2021 and all other costs and expenses incurred or paid by SEN in respect of the Statfjord Norway Interests between 1 January 2021 and completion. Whether each category of adjustment yields a change to the consideration will depend on the facts and circumstances at the date of completion of the Statfjord Norway Sale.

In light of the current volatile gas prices, SEN will also receive contingent consideration if gas prices exceed certain floor prices from 5 October 2021 until the end of 2022. The gas floor price for the remainder of 2021 is 145.8p/therm and for 2022 is 96.9p/therm and SEN will, for each Relevant Day, receive 50 per cent. of the difference between the relevant floor price and the NBP index price on the working day preceding the Relevant Day, multiplied by the volume of gas delivered on the Relevant Day. The contingent consideration will never be less than zero.

2.3 Conditions to Completion

Completion of the Statfjord Norway Sale is conditional upon satisfaction or waiver of the following conditions:

- (A) receipt of written approval by the Ministry of Petroleum and Energy pursuant to section 10-12 of the Norwegian Petroleum Act on terms reasonably satisfactory to SEN and EEA;
- (B) receipt of written approval by the Ministry of Finance pursuant to section 10 of the Petroleum Tax Act on terms reasonably satisfactory to SEN and EEA;
- (C) waiver of state pre-emption rights pursuant to the relevant joint operating agreements;
- (D) if applicable, obtaining any necessary competition authority approval or clearance;
- (E) the receipt of any UK Government or Norwegian Government consent, approval or waiver (as the case may be) in accordance with the requirements of: (i) the Framework Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Kingdom of Norway concerning Cross Boundary Petroleum Co-operation dated 4 April 2005; and (ii) any agreement preceding the agreement set out in (i) in respect of the unitisation of the Statfjord field made between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Kingdom of Norway that remains in force and effect, to the transfer by SEN to EEA of the Statfjord Norway Interests in a form and substance reasonably acceptable to SEN and EEA;
- (F) confirmation that all conditions for completion of the Norwegian Business Sale have been fulfilled;
- (G) confirmation that all conditions for completion of the Statfjord U.K. Sale have been fulfilled (except for the conditions relating to the consents from the U.K. Oil and Gas Authority, U.K. Government or Norwegian Government);
- (H) the shareholders of the Company having approved, by way of a shareholder resolution passed by a majority of those entitled to vote, the transaction contemplated by the Statfjord Norway Purchase Agreement;
- (I)
 - (i) the City Council (*Stadtrat*) of the City of Munich (*Landeshauptstadt München*) having unconditionally approved the transaction contemplated by the Statfjord Norway Purchase Agreement and either (a) the expiry of six (6) weeks from the day following the day of such approval in which time there has been no objection or prolongation of the review period by the Regional Government of Upper Bavaria (*Regierung von Oberbayern*) with respect to the completion of the transaction or (b) in case there has been an objection or prolongation of the review period by the Regional Government of Upper Bavaria (*Regierung von Oberbayern*) during the time period of six (6) weeks from the day following the day of such approval (other than a final rejection of the transaction), the unconditional approval of the transaction or lack of a final rejection of the transaction by the Regional Government of Upper Bavaria (*Regierung von Oberbayern*) during the prolonged review period;
 - (ii) the shareholders of Bayerngas GmbH having unconditionally approved, by way of a shareholder resolution passed by a majority of those entitled to vote, the transaction contemplated by the Statfjord Norway Purchase Agreement and either (a) all shareholders of Bayerngas GmbH having waived the rights to challenge (*anfechten*) the resolution and to have the resolution declared void (*nichtig*) or (b) the expiry of two months from the day following the day of the resolution in which time no lawsuit for challenging (*anfechten*) the resolution or declaring the resolution void (*nichtig*) has been initiated; and
 - (iii) the shareholders of BE/PB having unconditionally approved, by way of a unanimous shareholder resolution, the transaction contemplated by the Statfjord Norway Purchase Agreement.

SEN and EEA shall each use their reasonable endeavours, and shall cooperate with each other, to obtain fulfilment of: (i) the condition precedent set out in paragraph (H) above as soon as practicable and in any event by the First Longstop Date (or such later date as SEN and EEA may agree); (ii) the condition precedent set out in paragraph (I) above as soon as practicable and in

any event by the Second Longstop Date (or such later date as SEN and EEA may agree); and all conditions precedent as soon as practicable and in any event by the Third Longstop Date (or such later date as SEN and EEA may agree).

If the conditions precedent set out in paragraphs (H) or (I) above are not satisfied or waived on or before the First Longstop Date (or such later date as SEN and EEA may agree) or the Second Longstop Date (or such later date as SEN and EEA may agree), respectively, or any conditions precedent are not satisfied or waived on or before the Third Longstop Date (or such later date as SEN and EEA may agree), then the parties shall try to agree an acceptable solution, failing which, either party may terminate the Statfjord Norway Purchase Agreement.

However, if the conditions precedent set out in paragraphs (H) or (I) above are not satisfied or waived on or before the First Longstop Date (or such later date as SEN and EEA may agree) or the Second Longstop Date (or such later date as SEN and EEA may agree), respectively, or any conditions precedent are not satisfied or waived on or before the Third Longstop Date (or such later date as SEN and EEA may agree) due to a party's breach of certain of its obligations in respect of achieving satisfaction of the conditions precedent, then: (i) the defaulting party will not be entitled to terminate the Statfjord Norway Purchase Agreement; and (ii) the non-defaulting party has the right to: (a) require that the defaulting party remedies such default; or (b) regardless of whether the defaulting party has initiated remedial actions, terminate the Statfjord Norway Purchase Agreement.

Waiver of the conditions precedent shall require the consent of SEN and EEA, except that the conditions precedent relating to shareholder approval cannot be waived.

The Statfjord Norway Purchase Agreement sets out various obligations on EEA at completion of the Statfjord Norway Sale (including paying the consideration) and, if EEA does not comply with these obligations, then SEN may proceed to completion (as far as practicable) or terminate the Statfjord Norway Purchase Agreement.

2.4 SEN warranties

SEN has given a limited set of warranties to EEA that are customary for a transaction of this nature. These include, among other things, a warranty that SEN owns the business and interests of SEN, free and clear from any encumbrances.

EEA has given certain representations and warranties to SEN that are customary for a transaction of this nature. These include, among other things, a warranty that EEA is validly incorporated and has the power to enter into the Statfjord Norway Purchase Agreement.

2.5 Indemnities

EEA will indemnify, and hold harmless, SEN, its affiliates and the BE/PB parties from and against all and any costs, expenses, liabilities, obligations, demands, losses, debts, claims and actions (including legal costs on an indemnity basis) relating to the Statfjord Norway Interests however arising (whether arising before, on or after 1 January 2021 and regardless of whether arising due to the negligence of any of SEN, its affiliates and the BE/PB parties or breach of duty (statutory or otherwise)) on the part of any of SEN, its affiliates and the BE/PB parties.

EEA shall be responsible for and shall indemnify, and hold harmless, SEN, its affiliates and direct and indirect shareholders (including, for the avoidance of doubt, BE/PB, SWM, Bayerngas GmbH, and their direct and indirect shareholders) against all and any actions, claims, proceedings, losses, liabilities, obligations, damages, payments, costs, fees, expenses or demands (whether arising before, on or after 1 January 2021 and regardless of whether resulting from any acts or omissions, negligence or breach of duty, whether statutory or otherwise, and regardless of the conduct or statements of SEN or the condition of the Statfjord Norway Interests) relating to: (i) obligations in respect of the Statfjord Norway Interests pursuant to the Norwegian Petroleum Act and any other relevant Norwegian law or governmental decision relating to decommissioning, removal, disposal, remedial work and / or similar activities of all related facilities and equipment; (ii) environmental obligations; (iii) certain safety hazards and deficiencies; (iv) certain safety obligations; and (v) exposure to chemicals and other hazardous substances.

2.6 Decommissioning Security Agreements

The Statfjord Norway Purchase Agreement sets out obligations in respect of decommissioning security agreements entered into, or indemnities provided, by SEN, including:

- (A) the parties will use all reasonable endeavours to procure that the obligations and liabilities of SEN and Centrica under each such arrangement are assigned to EEA and that SEN and Centrica are released in a form reasonably acceptable by SEN and Centrica;
- (B) all security posted under or in respect of such arrangements is returned to SEN or Centrica;
- (C) EEA will use reasonable endeavours to procure that such arrangements novated (or to be novated) to EEA are amended such that SEN and its affiliates are co-beneficiaries under the relevant arrangement; and
- (D) until the relevant arrangements are novated from SEN to EEA, EEA shall on behalf of SEN, provide such letters of credit or alternative security that SEN is required to provide under the relevant arrangements.

2.7 Guarantee and Escrow

If, at any time following the date of the Statfjord Norway Purchase Agreement: (i) EEA ceases to have a total equity (comprising its total assets less its total liabilities) of at least three billion US Dollars (US\$3,000,000,000); or (ii) EEA ceases to have a corporate credit rating or rating for its unsecured and unsubordinated senior long term debt of at least A- by S&P or at least A3 by Moody's, then EEA shall within ten (10) business days procure the delivery to SEN of a parent company guarantee (substantially in the form attached to the Norsk Olje og Gass decommissioning security agreement template of 2010 Agreement B (the "**NOROG Template**")) from an affiliate of EEA that has such a credit rating.

This obligation to provide a guarantee will apply in respect of replacing the guarantee if the guarantor ceases to have the required credit rating.

If such a replacement guarantee is not provided within the relevant time period, then:

- (A) EEA must pay a specified amount into an escrow account. The amount to be paid into escrow is calculated by applying the calculation in clause 4.3 of the NOROG Template and, as such, reflects the estimated costs of decommissioning the Statfjord Norway Interests; and
- (B) the parties will seek to agree and enter into a decommissioning security agreement substantially in the form of the NOROG Template.

The Statfjord Norway Purchase Agreement envisages that, as at the date of completion of the Statfjord Norway Sale, SEN will be the escrow agent but EEA is entitled to request that the parties agree on the appointment of a third party escrow agent.

If amounts have been paid into the escrow account and SEN or any of its affiliates has incurred costs, expenses, losses or liabilities whatsoever in respect of abandonment obligations, then such decommissioning liabilities will be reimbursable or payable by EEA to SEN and SEN will be entitled to withdraw an amount equal to the relevant costs, expenses, losses or liabilities from the escrow account.

The amount standing to the credit of the escrow account will be returned to EEA on the later of the date on which SEN and EEA enter into a decommissioning security agreement in accordance with the Statfjord Norway Purchase Agreement and the date on which EEA delivers the security required in accordance with that decommissioning security agreement.

2.8 Interim Period

SEN has agreed in the period up to completion of the Statfjord Norway Sale to: (a) conduct the Statfjord Norway Interests in substantially the same manner as in the previous 12 months; (b) use all reasonable endeavours to preserve substantially intact the Statfjord Norway Interests and organisation and maintain its rights and ongoing operations; (c) maintain its relationships with employees, customers, suppliers and others who may have business dealings with it in the ordinary course of business; (d) maintain its tangible assets in good operating condition and

repair; and (e) comply with certain customary restrictions, in each case subject to negotiated exceptions.

2.9 No-Shop

SEN has agreed that it will not, and will procure that Centrica and SWM will not, in respect of the Statfjord Norway Interests, directly or indirectly: (i) solicit bids from; (ii) provide further information to; or (iii) continue discussions or negotiations with, any other potential purchasers. These restrictions do not prevent SEN, Centrica or SWM from responding to any unsolicited proposal received which they consider, acting reasonably, to represent a superior proposal to the final terms agreed with EEA under the Statfjord Norway Purchase Agreement, subject to EEA being granted matching rights.

3. **Statfjord U.K. Purchase Agreement**

3.1 Parties and structure

The Statfjord U.K. Purchase Agreement was entered into on 8 December 2021 by SERL and Equinor UK Limited (“**EUK**”), regarding the assignment of the Statfjord U.K. Interests. The Statfjord Purchase Agreement is governed by English law.

3.2 Consideration

In consideration for the sale of Statfjord U.K. Interests, EUK will pay to SERL the sum of \$1. The consideration is subject to customary adjustments in the context of the sale of interests in U.K. offshore petroleum licences, including a fixed working capital adjustment to reflect the working capital balance for the Statfjord U.K. Interests as at 1 January 2021 and adjustments in respect of cash calls in respect of the Statfjord U.K. Interests between 1 January 2021 and completion, petroleum sales received by or credited to SERL in connection with the sale and/or supply of petroleum from and in relation to the Statfjord U.K. Interests on and from 1 January 2021 and all other costs and expenses incurred or paid by SERL in respect of the Statfjord U.K. Interests between 1 January 2021 and completion. Whether each category of adjustment yields a change to the consideration will depend on the facts and circumstances at the date of completion of the Statfjord U.K. Sale.

In light of the current volatile gas prices, SERL will also receive contingent consideration if gas prices exceed certain floor prices from 5 October 2021 until the end of 2022. The gas floor price for the remainder of 2021 is 145.8p/therm and for 2022 is 96.9p/therm and SERL will, for each Relevant Day, receive 50 per cent. of the difference between the relevant floor price and the NBP index price on the working day preceding the Relevant Day, multiplied by the volume of gas delivered on the Relevant Day. The contingent consideration will never be less than zero.

3.3 Conditions to Completion

Completion under the Statfjord U.K. Purchase Agreement is conditional upon satisfaction or waiver of the following conditions:

- (A) all necessary written consents, approvals or waivers, as the case may be, by relevant third parties in relation to the transfer by SERL to EUK of the Statfjord U.K. Interests being obtained, all of the foregoing being in a form and substance reasonably acceptable to SERL and EUK, and the execution of documents required to be executed by relevant third parties (other than the Oil and Gas Authority (the “**OGA**”));
- (B) the OGA’s consent to the assignment of the Statfjord U.K. Interests being obtained, in a form and substance reasonably acceptable to SERL and EUK;
- (C) the receipt of any U.K. Government or Norwegian Government consent, approval or waiver (as the case may be) in accordance with the requirements of: (i) the Framework Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Kingdom of Norway concerning Cross Boundary Petroleum Co-operation dated 4 April 2005; and (ii) any agreement preceding the agreement set out in (i) in respect of the unitisation of the Statfjord field made between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Kingdom of

Norway that remains in force and effect, to the transfer by SERL to EUK of the Statfjord U.K. Interests in a form and substance reasonably acceptable to SERL and EUK;

- (D) confirmation that all conditions for completion of the Norwegian Business Sale have been satisfied or waived;
- (E) confirmation that all conditions for completion of the Statfjord Norway Sale have been satisfied or waived;
- (F) the shareholders of Centrica having approved, by way of a shareholder resolution passed by a majority of those entitled to vote, the transfer by SERL to EUK of the Statfjord U.K. Interests;
- (G)
 - (i) the City Council (*Stadtrat*) of the City of Munich (*Landeshauptstadt München*) having unconditionally approved the transaction contemplated by the Statfjord U.K. Purchase Agreement and either (a) the expiry of six (6) weeks from the day following the day of such approval in which time there has been no objection or prolongation of the review period by the Regional Government of Upper Bavaria (*Regierung von Oberbayern*) with respect to the completion of the transaction or (b) in case there has been an objection or prolongation of the review period by the Regional Government of Upper Bavaria (*Regierung von Oberbayern*) during the time period of six (6) weeks from the day following the day of such approval (other than a final rejection of the transaction), the unconditional approval of the transaction or lack of a final rejection of the transaction by the Regional Government of Upper Bavaria (*Regierung von Oberbayern*) during the prolonged review period;
 - (ii) the shareholders of Bayerngas GmbH having unconditionally approved, by way of a shareholder resolution passed by a majority of those entitled to vote, the transaction contemplated by the Statfjord U.K. Purchase Agreement and either (a) all shareholders of Bayerngas GmbH having waived the rights to challenge (*anfechten*) the resolution and to have the resolution declared void (*nichtig*) or (b) the expiry of two months from the day following the day of the resolution in which time no lawsuit for challenging (*anfechten*) the resolution or declaring the resolution void (*nichtig*) has been initiated; and
 - (iii) the shareholders of BE/PB having unconditionally approved, by way of a unanimous shareholder resolution, the transaction contemplated by the Statfjord U.K. Purchase Agreement.

SERL and EUK shall each use their reasonable endeavours, and shall cooperate with each other, to obtain fulfilment of: (i) the condition precedent set out in paragraph (F) above as soon as practicable and in any event by the First Longstop Date; (ii) the conditions precedent set out in paragraph (G) above as soon as practicable and in any event by the Second Longstop Date; and (iii) all other conditions precedent as soon as practicable and in any event by the Third Longstop Date (or such later date as SERL and EUK may agree).

If the conditions precedent set out in paragraphs (F) or (G) above are not satisfied or waived on or before the First Longstop Date or the Second Longstop Date, respectively, or any conditions precedent are not satisfied or waived on or before the Third Longstop Date (or such later date as SERL and EUK may agree), then the parties shall try to agree an acceptable solution, failing which, either party may terminate the Statfjord U.K. Purchase Agreement.

However, if the conditions precedent set out in paragraphs (F) or (G) above are not satisfied or waived on or before the First Longstop Date or the Second Longstop Date, respectively, or any conditions precedent are not satisfied or waived on or before the Third Longstop Date (or such later date as SERL and EUK may agree) due to a party's breach of certain of its obligations in respect of achieving satisfaction of the conditions precedent, then: (i) the defaulting party will not be entitled to terminate the Statfjord U.K. Purchase Agreement; and (ii) the non-defaulting party has the right to: (a) require that the defaulting party remedies such default; or (b) regardless of whether the defaulting party has initiated remedial actions, terminate the Statfjord U.K. Purchase Agreement.

Waiver of the conditions precedent shall require the consent of SERL and EUK, except that the conditions precedent relating to shareholder approval cannot be waived.

The Statfjord U.K. Purchase Agreement sets out various obligations on EUK at completion of the Statfjord U.K. Sale (including paying the consideration) and, if EUK does not comply with these obligations, then SERL may proceed to completion (as far as practicable) or terminate the Statfjord U.K. Purchase Agreement.

3.4 SERL warranties

SERL has given a very limited set of 'fundamental' warranties to EUK that are customary for a transaction of this nature. These include, among other things, a warranty that SERL owns the Statfjord U.K. Interests, free and clear from any encumbrances.

SERL has given a limited set of additional 'business' warranties to EUK that are customary for a transaction of this nature. These additional warranties do not apply to any interest document to which EUK or any member of its group is a party.

EUK has given certain representations and warranties to SERL that are customary for a transaction of this nature. These include, among other things, a warranty that EUK is validly incorporated and has the power to enter into the Statfjord U.K. Purchase Agreement.

3.5 Indemnities

The Statfjord U.K. Purchase Agreement includes indemnities relating to the Statfjord U.K. Interests given by each party, including the indemnities summarised below.

EUK will indemnify, and hold harmless, on an after-tax basis SERL's indemnified parties (being SERL, its affiliates and SERL's direct and indirect shareholders (including, for the avoidance of doubt, BE/PB, SWM, Bayerngas GmbH, and their direct and indirect shareholders) and their respective directors, officers, employees and agents) from and against all and any costs, expenses, liabilities, obligations, demands, losses, debts, claims and actions (including legal costs on an indemnity basis) however arising (whether arising before, on or after 1 January 2021 and regardless of whether arising due to the negligence of any of SERL's indemnified parties or breach of duty (statutory or otherwise) on the part of any of SERL's indemnified parties, and/or the agents, contractors, sub-contractors of any of the SERL's indemnified parties) in connection with the Statfjord U.K. Interests.

EUK shall at its cost and expense perform and shall be responsible for and shall indemnify, and hold harmless, on an after-tax basis SERL's indemnified parties against all and any costs, expenses, liabilities, obligations, demands, losses, debts, claims and actions (including legal costs on an indemnity basis) however arising (whether arising before, on or after 1 January 2021 and regardless of whether arising due to the negligence of any of SERL's indemnified parties or breach of duty (statutory or otherwise) on the part of any of SERL's indemnified parties, and/or the agents, contractors, sub-contractors of any of SERL's indemnified parties) in connection with certain environmental liabilities and decommissioning liabilities to the extent that such obligations are attributable to any of the Statfjord U.K. Interests.

3.6 Decommissioning Security Agreements

The Statfjord U.K. Purchase Agreement sets out obligations in respect of an existing decommissioning security agreement and two existing sale and purchase agreements, including:

- (A) EUK will use all reasonable endeavours to procure a novation of the relevant documents (or the relevant parts thereof) from SERL to EUK and that all amounts paid, or alternative provision made, by SERL under the decommissioning security agreement is returned to SERL or Centrica;
- (B) EUK will use reasonable endeavours to procure that the relevant documents are amended such that SERL and its affiliates are beneficiaries under the relevant documents; and
- (C) until the relevant documents are novated from SERL to EUK, EUK shall perform the obligations of SERL on behalf of SERL, including providing such security as is required.

3.7 Guarantee and Escrow

Equinor is required to provide at completion of the Statfjord U.K. Sale a guarantee in respect of EUK's decommissioning liabilities under the Statfjord U.K. Purchase Agreement.

If, at any time following the date of the Statfjord U.K. Purchase Agreement: (i) Equinor ceases to have a total equity (comprising its total assets less its total liabilities) of at least three billion US Dollars (US\$3,000,000,000); or (ii) Equinor ceases to have a corporate credit rating or rating for its unsecured and unsubordinated senior long term debt of at least A- by S&P or at least A3 by Moody's, then EUK shall within ten (10) business days (or, if later, at completion of the Statfjord U.K. Sale) procure the delivery to SERL of a replacement guarantee (in the form of the guarantee provided by Equinor) from a member of EUK's group that has such a credit rating.

This obligation to replace the guarantor will apply to the replacement guarantor if it ceases to have the required credit rating.

If such a replacement guarantee is not provided within the relevant time period, then:

- (A) EUK must pay a specified amount into an escrow account. The amount to be paid into escrow is calculated in line with the calculation of security to be provided under the model form (non-PRT version) of decommissioning security agreement most recently published by Oil & Gas UK and, as such, reflects the estimated costs of decommissioning the Statfjord U.K. Interests; and
- (B) the parties will seek to agree and enter into a decommissioning security agreement substantially in the form of the model form (non-PRT version) of decommissioning security agreement most recently published by Oil & Gas UK.

The Statfjord U.K. Purchase Agreement envisages that, as at the date of completion of the Statfjord U.K. Sale, SERL will be the escrow agent but EUK is entitled to request that the parties agree on the appointment of a third party escrow agent.

If amounts have been paid into the escrow account and SERL or any member of its group has incurred, or reasonably anticipates that it will incur, decommissioning liabilities, then such decommissioning liabilities will be reimbursable or payable by EUK to SERL and SERL will be entitled to withdraw an amount equal to the relevant decommissioning liabilities from the escrow account.

The amount standing to the credit of the escrow account will be returned to EUK on the later of the date on which SERL and EUK enter into a decommissioning security agreement in accordance with the Statfjord U.K. Purchase Agreement and the date on which EUK delivers the 'Provision Amount' or 'Alternative Provision' in accordance with that decommissioning security agreement.

3.8 Interim Period

SERL has agreed, in the period up to completion of the Statfjord U.K. Sale: (i) to continue to carry out all activities in relation to the Statfjord U.K. Interests in accordance with good oilfield practice; (ii) to continue to meet all expenditures and receive all income relating to the Statfjord U.K. Interests; (iii) to keep the Statfjord U.K. Interests insured in accordance with risk management policies applicable to SERL; (iv) to consult with EUK in relation to the nomination of volumes for transportation in the Northern Leg Gas Pipeline for the period immediately after completion of the Statfjord U.K. Sale; and (v) not to agree to amend or terminate any material interest documents, relinquish all or any part of any areas held under or specified in the licences, execute any new material agreements in respect of the interests or do or omit to do anything which would be a waiver of its rights under, or a material breach of, the licences or any of the interest documents, in each case without the prior consent of EUK (not to be unreasonably withheld or delayed), subject in each case to negotiated exceptions.

3.9 No-Shop

SERL has agreed that it will not, and will procure that Centrica and SWM will not, in respect of the Statfjord U.K. Interests, directly or indirectly: (i) solicit bids from; (ii) provide further information to; or (iii) continue discussions or negotiations with, any other potential purchasers. These restrictions do not prevent SEN, Centrica or SWM from responding to any unsolicited proposal received which they consider, acting reasonably, to represent a superior proposal to the final terms agreed with EUK under the Statfjord U.K. Purchase Agreement, subject to EUK being granted matching rights.

4. Equinor DSAs

4.1 General

Spirit Energy, EEA and Sval will procure that each of the existing decommissioning security agreements, which have been entered into between SEN and EEA in respect of the Kvitebjorn Oil Pipeline, Kvitebjorn, Heimdal, Vale and Skirne fields (the “**Equinor DSA Fields**”), are terminated and replaced by new DSAs to be entered into by Sval in a form reasonably satisfactory to each party. The beneficiaries under each Equinor DSA will be Centrica and EEA.

4.2 Guaranteed obligations

The Equinor DSAs will apply to SEN’s entire interest in the relevant Equinor DSA Field and infrastructure in place as at the date of completion of the Norwegian Business Sale (with the exception of the Skirne field—SEN’s interests in which were transferred to LOTOS Exploration and Production Norge AS in 2013 (the “**LOTOS Sale**”), and therefore the Skirne Equinor DSA shall apply to SEN’s entire interest in the Skirne Equinor DSA Field and infrastructure in place as at the date of completion of the LOTOS Sale).

Obligations and liabilities that may be incurred by a beneficiary in relation to abandonment, decommissioning and/or removal of the facilities in the relevant Equinor DSA Field will be guaranteed by Sval who will provide security in respect of the same.

4.3 Security requirements

Under each Equinor DSA, Sval will procure a letter of credit in respect of the guaranteed obligations from the date of the completion of the Norwegian Business Sale. If Sval or Sval Energi Invest AS’s credit rating becomes equal to or above the referenced ratings by two or more of the following three rating agencies: “A-” by Standard and Poor’s, “A3” by Moody’s and/or “A-” by Fitch IBCA, Sval is released from the obligation to provide a letter of credit and it will instead provide a parent company guarantee from Sval Energi Invest AS. If at any point the rating of Sval or Sval Energi Invest AS drops below any of the required ratings, Sval is again obliged to procure a letter of credit.

The Equinor DSAs will contain a “Trigger Date” concept, whereby in respect of each Equinor DSA, security needs to be provided on a post-tax basis until the Trigger Date is met. The Trigger Date will be the date upon which it is calculated in accordance with the DSA that the anticipated decommissioning costs (taking into account the tax rate and a risk factor) of the fields are equal to or greater than the value of the interests. If the economic profile of an Equinor DSA Field changes (for example, if the value of the interests increases), it is possible that the field can revert to its position pre-Trigger Date, in which case the relevant security would be posted on a post-tax basis until the Trigger Date is reached again.

4.4 Calling on security

The beneficiaries can draw on the letter of credit in various circumstances including if a beneficiary is required to pay an amount in respect of a decommissioning obligation, if a replacement letter of credit is not provided by the required date, or upon insolvency of Sval.

4.5 Term and termination

The obligations under the Equinor DSAs continue until six months after the beneficiary has received confirmation from the Norwegian Ministry of Energy/operator (as applicable) that all obligations in accordance with the Norwegian Government authorities’ decision regarding the decommissioning of the relevant interests that were in existence at the date of completion of the Norwegian Business Sale, have been fulfilled within the deadline set by the Norwegian Government authorities; and that all conditions stipulated by the Norwegian Government authorities in connection with its decision have been met.

5. Exit DSA

5.1 General

Sval and Sval Energi Invest AS (as Sval's guarantor) will enter into a new decommissioning security agreement for any decommissioning liability of SEN pursuant to the Norwegian Petroleum Act and/or any existing or new decommissioning guarantee or undertaking required by the Norwegian government ("**Exit DSA**"). The beneficiaries under the Exit DSA will be Centrica and SWM.

5.2 Guaranteed obligations

The Exit DSA will apply to SEN's entire interest in any Norwegian field and infrastructure existing as at completion of the Norwegian Business Sale. However, the Exit DSA shall exclude SEN's interests in the Equinor DSA Fields to the extent that the relevant SEN shareholders benefit from the replaced Equinor DSAs as envisaged above. All obligations and liabilities that may be incurred by SEN or any beneficiary in relation to the decommissioning obligations related to the relevant fields, including pursuant to the Equinor DSAs, Norwegian state guarantees and any other contractual commitments will be guaranteed by Sval who will provide security in respect of the same.

5.3 Security requirements

Under the Exit DSA, Sval will provide a parent company guarantee from Sval Energi Invest AS and a letter of credit in respect of the guaranteed obligations from the date of the completion of the Norwegian Business Sale. If Sval Energi Invest AS's credit rating becomes equal to or above the referenced ratings by two or more of the following three rating agencies: "A-" by Standard and Poor's, "A3" by Moody's and/or "A-" by Fitch IBCA, Sval is released from the obligation to provide a letter of credit (unless/until its guarantor's rating drops below any of the required ratings), but the parent company guarantee will remain in place.

The Exit DSA contains a "Trigger Date" concept, whereby Sval is not obliged to provide any security in respect of a field until the Trigger Date is met for that field. The Trigger Date will be the date upon which it is calculated in accordance with the DSA that the anticipated decommissioning costs (taking into account the tax rate and a risk factor) of the fields are equal to or greater than the value of the interests. Once the Trigger Date for a particular field is met, that field will then remain in a post-Trigger Date position for the remaining term of the Exit DSA.

5.4 Security calculation

The calculation methodology will be based on the methodology used in the DSA model agreed by the parties and will include calculation of annual tax and the application of tax gross up at the prevailing U.K. corporation tax rate, or, in respect of the Ivar Aasen field, the Vega field and the Trym field, the German tax rate applicable for German tax gross-up purposes if higher than the U.K. tax rate.

5.5 Calling on security

The beneficiaries can draw on the letter of credit in various circumstances including if a beneficiary is required to pay an amount in respect of a decommissioning obligation, if a replacement letter of credit is not provided by the required date, or upon insolvency of Sval.

5.6 Term and termination

The obligations under the Exit DSA continue until six months after the beneficiary has received confirmation from the Norwegian Ministry of Energy/operator (as applicable) that all obligations in accordance with the Norwegian Government authorities' decision regarding the decommissioning of the relevant interests that were in existence at the date of completion of the Norwegian Business Sale, have been fulfilled within the deadline set by the Norwegian Government authorities; and that all conditions stipulated by the Norwegian Government authorities in connection with its decision have been met.

6. Amended SHA

On 8 December 2021, GBGH, SWM Group and Spirit Energy entered into a second deed of amendment and restatement relating to the SHA under which, with effect from the date of the completion of the Norwegian Business Sale and Staffjord 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, 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. 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 Limited to require all shareholder 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) removal of 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 ("**Call Option**"), with a put option to require GBGH to acquire SWM Group's shares in Spirit Energy (the "**Put Option**"). GBGH, and SWM Group have agreed that, in the event of an event of default by GBGH (to the extent that GBGH and members of the GBGH group hold, in aggregate, more than 50 per cent. of the ordinary shares in SEL), a holder of ordinary and/or preference shares (as applicable) who is not in default may exercise the Put Option whereby they may unilaterally require GBGH to acquire their ordinary and preference shares at an amount equal to the fair market value of those shares (assuming for these purposes, the ordinary and preference shares constitute a single class of ordinary shares) plus 10 per cent. Unless otherwise agreed between the shareholders, the fair market value of the shares to be transferred to GBGH under the Put Option will be determined by an independent expert. The fair market value of the put shares is an uncapped amount. The risk of the Put Option becoming exercisable is considered to be low. Given the potential residual decommissioning liabilities, the new strategy of the Spirit Energy Group and GBGH's position as majority shareholder, the Put Option is seen as an acceptable replacement to the Call Option and one that would allow Centrica to continue to manage its decommissioning exposure; and
- (E) reflecting the new distribution policy described in section 2 of Part I (*Letter from the Chairman*).

Part IV

HISTORICAL FINANCIAL INFORMATION RELATING TO THE SALE BUSINESS AND INTERESTS

The following unaudited historical financial information relating to the Sale Business and Interests has been extracted without material adjustment from the consolidation schedules and supporting analysis that underlie the audited consolidated financial information of the Group for the financial years ended 31 December 2018, 31 December 2019 and 31 December 2020.

For the six months ended 30 June 2021, the unaudited financial information relating to the Sale Business and Interests has been extracted without material adjustment from the consolidation schedules and supporting analysis that underlie the Group's unaudited condensed interim financial statements for the six month period ended 30 June 2021.

The financial information in this Part IV has been prepared using the accounting policies of the Group, as adopted in the published consolidated financial statements for each of the financial years presented, including 100 per cent. of the income statement and net assets associated with the Sale Business and Interests. Centrica controls 69 per cent. of the Sale Business and Interests, with 31 per cent. attributable to non-controlling interests.

The financial information reflects, therefore, the Sale Business and Interests' contribution to the Group during this period, applying the relevant accounting policies.

The financial information reflects the prevailing market prices for each period. Any hedges put in place by Spirit Energy or Centrica are not captured by the historical financial information relating to the Sale Business and Interests presented in this Part IV.

The financial information contained in this Part IV does not constitute statutory accounts within the meaning of section 434(3) of the Companies Act 2006. The consolidated statutory accounts of the Group in respect of years ended 31 December 2018, 31 December 2019 and 31 December 2020 have been delivered to the U.K. registrar of companies.

Deloitte LLP was the auditor of the Group in respect of the years ended 31 December 2018, 31 December 2019 and 31 December 2020.

Shareholders should read the whole of this document and not rely solely on the information contained in this Part IV.

1. Historical income statement information for the Sale Business and Interests

1.1 12 months ended 31 December 2018 (unaudited)

	<i>Statford U.K. Interests</i>			<i>Statford Norway Interests</i>		
	<i>Business performance</i>	<i>Exceptional items & certain remeasurements</i>	<i>Result for the period</i>	<i>Business performance</i>	<i>Exceptional items & certain remeasurements</i>	<i>Result for the period</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Revenue	158	0	158	264	0	264
Cost of sales	(91)	0	(91)	(133)	0	(133)
Remeasurement / Settlement of energy contracts	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Gross Profit	<u>67</u>	<u>0</u>	<u>67</u>	<u>131</u>	<u>0</u>	<u>131</u>
Operating costs before exceptionals and credit losses on financial assets	(2)	0	(2)	(4)	0	(4)
Credit losses on financial assets	0	0	0	0	0	0
Exceptional items	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Operating costs	<u>(2)</u>	<u>0</u>	<u>(2)</u>	<u>(4)</u>	<u>0</u>	<u>(4)</u>
Share of joint ventures and associates, net of interest and taxation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Operating profit / (loss)	<u>65</u>	<u>0</u>	<u>65</u>	<u>127</u>	<u>0</u>	<u>127</u>
Net external finance cost	(3)	0	(3)	(4)	0	(4)
Profit / (loss) before taxation	<u>62</u>	<u>0</u>	<u>62</u>	<u>123</u>	<u>0</u>	<u>123</u>
Taxation on profit / (loss)	(27)	0	(27)	(99)	0	(99)
Profit/ (loss) for the year	<u>35</u>	<u>0</u>	<u>35</u>	<u>24</u>	<u>0</u>	<u>24</u>
	<i>Norwegian Business (excluding Statford)</i>			<i>Total</i>		
	<i>Business performance</i>	<i>Exceptional items & certain remeasurements</i>	<i>Result for the period</i>	<i>Business performance</i>	<i>Exceptional items & certain remeasurements</i>	<i>Result for the period</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Revenue	781	0	781	1,203	0	1,203
Cost of sales	(337)	0	(337)	(561)	0	(561)
Remeasurement / Settlement of energy contracts	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Gross Profit	<u>444</u>	<u>0</u>	<u>444</u>	<u>642</u>	<u>0</u>	<u>642</u>
Operating costs before exceptionals and credit losses on financial assets	(106)	0	(106)	(112)	0	(112)
Credit losses on financial assets	0	0	0	0	0	0
Exceptional items	<u>0</u>	<u>(71)</u>	<u>(71)</u>	<u>0</u>	<u>(71)</u>	<u>(71)</u>
Operating costs	<u>(106)</u>	<u>(71)</u>	<u>(177)</u>	<u>(112)</u>	<u>(71)</u>	<u>(183)</u>
Share of joint ventures and associates, net of interest and taxation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Operating profit / (loss)	<u>338</u>	<u>(71)</u>	<u>267</u>	<u>530</u>	<u>(71)</u>	<u>459</u>
Net external finance cost	<u>14</u>	<u>0</u>	<u>14</u>	<u>7</u>	<u>0</u>	<u>7</u>
Profit / (loss) before taxation	<u>352</u>	<u>(71)</u>	<u>281</u>	<u>537</u>	<u>(71)</u>	<u>466</u>
Taxation on profit / (loss)	(280)	52	(228)	(406)	52	(354)
Profit/ (loss) for the year	<u>72</u>	<u>(19)</u>	<u>53</u>	<u>131</u>	<u>(19)</u>	<u>112</u>

1.2 12 months ended 31 December 2019 (unaudited)

	<i>Statford U.K. Interests</i>			<i>Statford Norway Interests</i>		
	Business performance	Exceptional items & certain remeasurements	Result for the period	Business performance	Exceptional items & certain remeasurements	Result for the period
	£m	£m	£m	£m	£m	£m
Revenue	103	0	103	191	0	191
Cost of sales	(84)	0	(84)	(141)	0	(141)
Remeasurement / Settlement of energy contracts	0	0	0	0	0	0
Gross Profit	19	0	19	50	0	50
Operating costs before exceptionals and credit losses on financial assets	(3)	0	(3)	(3)	0	(3)
Credit losses on financial assets	0	0	0	0	0	0
Exceptional items	0	0	0	0	0	0
Operating costs	(2)	0	(3)	(3)	0	(3)
Share of joint ventures and associates, net of interest and taxation	0	0	0	0	0	0
Operating profit / (loss)	16	0	16	47	0	47
Net external finance cost	(2)	0	(2)	(2)	0	(2)
Profit / (loss) before taxation	14	0	14	45	0	45
Taxation on profit / (loss)	(6)	0	(6)	(40)	0	(40)
Profit/ (loss) for the year	8	0	8	5	0	5

	<i>Norwegian Business (excluding Statford)</i>			<i>Total</i>		
	Business performance	Exceptional items & certain remeasurements	Result for the period	Business performance	Exceptional items & certain remeasurements	Result for the period
	£m	£m	£m	£m	£m	£m
Revenue	503	0	503	797	0	797
Cost of sales	(311)	0	(311)	(536)	0	(536)
Remeasurement / Settlement of energy contracts	0	0	0	0	0	0
Gross Profit	192	0	192	261	0	261
Operating costs before exceptionals and credit losses on financial assets	(68)	0	(68)	(74)	0	(74)
Credit losses on financial assets	0	0	0	0	0	0
Exceptional items	0	(49)	(49)	0	(49)	(49)
Operating costs	(68)	(49)	(117)	(74)	(49)	(123)
Share of joint ventures and associates, net of interest and taxation	0	0	0	0	0	0
Operating profit / (loss)	124	(49)	75	187	(49)	138
Net external finance cost	4	0	4	0	0	0
Profit / (loss) before taxation	128	(49)	79	187	(49)	138
Taxation on profit / (loss)	(105)	33	(72)	(151)	33	(118)
Profit/ (loss) for the year	23	(16)	7	36	(16)	20

1.3 12 months ended 31 December 2020 (unaudited)

	<i>Statfjord U.K. Interests</i>			<i>Statfjord Norway Interests</i>		
	<i>Business performance</i>	<i>Exceptional items & certain remeasurements</i>	<i>Result for the period</i>	<i>Business performance</i>	<i>Exceptional items & certain remeasurements</i>	<i>Result for the period</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Revenue	85	0	85	124	0	124
Cost of sales	(71)	0	(71)	(109)	0	(109)
Remeasurement / Settlement of energy contracts	0	0	0	0	0	0
Gross Profit	14	0	14	15	0	15
Operating costs before exceptionals and credit losses on financial assets	(3)	0	(3)	(3)	0	(3)
Credit losses on financial assets	0	0	0	0	0	0
Exceptional items	0	0	0	0	0	0
Operating costs	(3)	0	(3)	(3)	0	(3)
Share of joint ventures and associates, net of interest and taxation	0	0	0	0	0	0
Operating profit / (loss)	11	0	11	12	0	12
Net external finance cost	(1)	0	(1)	(3)	0	(3)
Profit / (loss) before taxation	10	0	10	9	0	9
Taxation on profit / (loss)	(4)	0	(4)	(9)	0	(9)
Profit/ (loss) for the year	6	0	6	0	0	0
	<i>Norwegian Business (excluding Statfjord)</i>			<i>Total</i>		
	<i>Business performance</i>	<i>Exceptional items & certain remeasurements</i>	<i>Result for the period</i>	<i>Business performance</i>	<i>Exceptional items & certain remeasurements</i>	<i>Result for the period</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Revenue	394	0	394	603	0	603
Cost of sales	(323)	0	(323)	(503)	0	(503)
Remeasurement / Settlement of energy contracts	0	0	0	0	0	0
Gross Profit	71	0	71	100	0	100
Operating costs before exceptionals and credit losses on financial assets	(62)	0	(62)	(68)	0	(68)
Credit losses on financial assets	0	0	0	0	0	0
Exceptional items	0	(105)	(105)	0	(105)	(105)
Operating costs	(62)	(105)	(167)	(68)	(105)	(173)
Share of joint ventures and associates, net of interest and taxation	0	0	0	0	0	0
Operating profit / (loss)	9	(105)	(96)	32	(105)	(73)
Net external finance cost	12	0	12	8	0	8
Profit / (loss) before taxation	21	(105)	(84)	40	(105)	(65)
Taxation on profit / (loss)	9	80	89	(4)	80	76
Profit/ (loss) for the year	30	(25)	5	36	(25)	11

1.4 Six month period ended 30 June 2021 (unaudited)

	<i>Statfjord U.K. Interests</i>			<i>Statfjord Norway Interests</i>		
	Business performance	Exceptional items & certain remeasurements	Result for the period	Business performance	Exceptional items & certain remeasurements	Result for the period
	£m	£m	£m	£m	£m	£m
Revenue	68	0	68	60	0	60
Cost of sales	(40)	0	(40)	(21)	0	(21)
Remeasurement / Settlement of energy contracts	0	0	0	0	0	0
Gross Profit	28	0	28	39	0	39
Operating costs before exceptionals and credit losses on financial assets	(1)	0	(1)	(2)	0	(2)
Credit losses on financial assets	0	0	0	0	0	0
Exceptional items	0	0	0	0	0	0
Operating costs	(1)	0	(1)	(2)	0	(2)
Share of joint ventures and associates, net of interest and taxation	0	0	0	0	0	0
Operating profit / (loss)	27	0	27	37	0	37
Net external finance cost	0	0	0	0	0	0
Profit / (loss) before taxation	27	0	27	37	0	37
Taxation on profit / (loss)	(11)	0	(11)	(23)	0	(23)
Profit/ (loss) for the year	16	0	16	14	0	14

	<i>Norwegian Business (excluding Statfjord)</i>			<i>Total</i>		
	Business performance	Exceptional items & certain remeasurements	Result for the period	Business performance	Exceptional items & certain remeasurements	Result for the period
	£m	£m	£m	£m	£m	£m
Revenue	230	0	230	358	0	358
Cost of sales	(119)	0	(119)	(180)	0	(180)
Remeasurement / Settlement of energy contracts	0	0	0	0	0	0
Gross Profit	111	0	111	178	0	178
Operating costs before exceptionals and credit losses on financial assets	(36)	0	(36)	(39)	0	(39)
Credit losses on financial assets	0	0	0	0	0	0
Exceptional items	0	59	59	0	59	59
Operating costs	(36)	59	23	(39)	59	20
Share of joint ventures and associates, net of interest and taxation	0	0	0	0	0	0
Operating profit / (loss)	75	59	134	139	59	198
Net external finance cost	2	0	2	2	0	2
Profit / (loss) before taxation	77	59	136	141	59	200
Taxation on profit / (loss)	(59)	(46)	(105)	(93)	(46)	(139)
Profit/ (loss) for the year	18	13	31	48	13	61

Notes:

The income statements above reflect the allocation of taxation incurred by SEN and SERL. Adjustments have been made to reflect the share of the Sale Business and Interests.

2. Unaudited net asset statement for the Sale Business and Interests

	As at 30 June 2021			
	Statfjord U.K. £m	Statfjord Norway £m	Norway excluding Statfjord £m	Total £m
Non-current assets				
Goodwill	—	—	408	408
Other intangible assets	—	—	44	44
Property, plant and equipment	110	181	923	1,214
Interests in joint ventures and associates	—	—	—	—
Deferred tax assets	57	145	—	202
Trade and other receivables, and contract-related assets	—	—	9	9
Derivative financial instruments	—	—	—	—
Securities	—	—	—	—
Total non-current assets	167	326	1,384	1,877
Current assets				
Inventories	8	10	14	32
Current tax assets	—	—	—	—
Trade and other receivables, and contract-related assets	16	48	49	113
Derivative financial instruments	—	—	—	—
Cash and cash equivalents	—	101	—	101
Assets of disposal groups classified as held for sale	—	—	—	—
Total current assets	24	159	63	246
Current liabilities				
Trade and other payables, and contract-related assets	(18)	(44)	(89)	(151)
Current tax liabilities	—	—	(159)	(159)
Bank overdraft and loans and other borrowings	—	—	(88)	(88)
Derivative financial instruments	—	—	—	—
Provisions for other liabilities and charges	—	—	(4)	(4)
Liabilities of disposal groups classified as held for sale	—	—	—	—
Total current liabilities	(18)	(44)	(340)	(402)
Non-current liabilities				
Trade and other payables, and contract-related assets	—	—	—	—
Bank loans and other borrowings	—	—	(4)	(4)
Derivative financial instruments	—	—	—	—
Deferred tax liabilities	—	—	(376)	(376)
Retirement benefit obligations	—	—	—	—
Provisions for other liabilities and charges	(227)	(347)	(243)	(817)
Total non-current liabilities	(227)	(347)	(623)	(1,197)
	(245)	(391)	(963)	(1,599)
Net assets	(54)	94	484	524

	As at 31 December 2020			
	Statfjord U.K.	Statfjord Norway	Norway excluding Statfjord	Total
	£m	£m	£m	£m
Non-current assets				
Goodwill	—	—	415	415
Other intangible assets	—	—	58	58
Property, plant and equipment	110	183	911	1,204
Interests in joint ventures and associates	—	—	—	—
Deferred tax assets	59	171	—	230
Trade and other receivables, and contract-related assets	—	—	9	9
Derivative financial instruments	—	—	—	—
Securities	—	—	—	—
Total non-current assets	<u>169</u>	<u>354</u>	<u>1,393</u>	<u>1,916</u>
Current assets				
Inventories	8	10	16	34
Current tax assets	—	—	—	—
Trade and other receivables, and contract-related assets	16	16	81	113
Derivative financial instruments	—	—	—	—
Cash and cash equivalents	—	103	—	103
Assets of disposal groups classified as held for sale	—	—	—	—
Total current assets	<u>24</u>	<u>129</u>	<u>97</u>	<u>250</u>
Current liabilities				
Trade and other payables, and contract-related assets	(13)	(13)	(102)	(128)
Current tax liabilities	—	—	(92)	(92)
Bank overdraft and loans and other borrowings	—	—	(92)	(92)
Derivative financial instruments	—	—	—	—
Provisions for other liabilities and charges	—	—	(4)	(4)
Liabilities of disposal groups classified as held for sale	—	—	—	—
Total current liabilities	<u>(13)</u>	<u>(13)</u>	<u>(290)</u>	<u>(316)</u>
Non-current liabilities				
Trade and other payables, and contract-related assets	—	—	—	—
Bank loans and other borrowings	—	—	(5)	(5)
Derivative financial instruments	—	—	—	—
Deferred tax liabilities	—	—	(320)	(320)
Retirement benefit obligations	—	—	—	—
Provisions for other liabilities and charges	(231)	(353)	(247)	(831)
Total non-current liabilities	<u>(231)</u>	<u>(353)</u>	<u>(572)</u>	<u>(1,156)</u>
	<u>(244)</u>	<u>(366)</u>	<u>(862)</u>	<u>(1,472)</u>
Net assets	<u>(51)</u>	<u>117</u>	<u>628</u>	<u>694</u>

Note:

The net asset statement balances above include adjustments relating to goodwill, capitalised interest, and deferred taxation to reflect the Sale Business and Interests' share of these balances.

Part V

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE CONTINUING GROUP

SECTION A—PRO FORMA INFORMATION

The unaudited pro forma statement of net assets of the Continuing Group set out below (the “**Unaudited Pro Forma Financial Information**”) has been prepared in accordance with Annex 20 of the Prospectus Delegated Regulation and on the basis of the notes set out below to illustrate the effect of the Transaction on the consolidated net assets of the Continuing Group as if the Transaction had occurred on 30 June 2021. The pro forma also illustrates the effect of the Norwegian Business Sale and the Statfjord Norway Sale on the consolidated net assets of the Continuing Group as if the Norwegian Business Sale and the Statfjord Norway Sale, but not the Statfjord U.K. Sale, had occurred on 30 June 2021. This is because it is possible that the Norwegian Business Sale and the Statfjord Norway Sale complete simultaneously, but the Statfjord U.K. Sale does not. Please see Part III (*Summary of the Principal Terms of the Transaction Documents*) for more detail on the terms of interconditionality set out in the Purchase Agreements.

The Unaudited Pro Forma Financial Information has been prepared on the basis of the financial information of the Group as at 30 June 2021, the date to which the latest unaudited financial information in relation to the Group was prepared. The Unaudited Pro Forma Financial Information has been prepared pursuant to Listing Rule 13.3.3R in a manner consistent with the accounting policies of the Group in its last financial statements.

The Unaudited Pro Forma Financial Information is shown for illustrative purposes only and because of its nature addresses a hypothetical situation. It does not represent the actual financial position of the Continuing Group. Furthermore, it does not purport to represent what the Continuing Group’s financial position would actually have been if the Transaction or Norwegian Business Sale and Statfjord Norway Sale had been completed on the indicated date and is not indicative of the results that may or may not be expected to be achieved in the future. The Unaudited Pro Forma Financial Information set out in this section does not constitute financial statements within the meaning of section 434 of the Companies Act 2006.

Shareholders should read the whole of this document and not rely solely on the Unaudited Pro Forma Financial Information contained in this Section A of this Part V.

Deloitte’s report on the Unaudited Pro Forma Financial Information is set out in Section B of this Part V.

1. Continuing Group unaudited consolidated pro forma statement of net assets as at 30 June 2021

	<i>Transaction Adjustments</i>									
	30-Jun-21	Statfjord Norway Interests	Norwegian Business (excluding Statfjord)	Proceeds	Indemnity and presentational adjustments	Continuing Group (without sale of Statfjord U.K. Interests)	Statfjord U.K. Interests	Proceeds	Deferred tax impact	Continuing Group Pro Forma (with sale of Statfjord U.K. Interests)
	£m	£m	£m Note 2, Note 4	£m Note 3	£m Note 4	£m Note 5	£m Note 2	£m Note 6	£m Note 7	£m
Non-current assets										
Goodwill	915	0	(408)			507	0			507
Other intangible assets	1,036	0	(44)			992	0			992
Property, plant and equipment	2,858	(181)	(923)			1,754	(110)			1,644
Interests in joint ventures and associates	840	0	0			840	0			840
Deferred tax assets	713	(145)	0		145	713	(57)		(48)	608
Trade and other receivables, and contract-related assets	135	0	(9)			126	0			126
Retirement benefit asset	111	0	0			111	0			111
Derivative financial instruments	413	0	0			413	0			413
Securities	135	0	0			135	0			135
Total non-current assets	7,156	(326)	(1,384)		145	5,591	(167)		(48)	5,376
Current assets										
Inventories	320	(10)	(14)			296	(8)			288
Current tax assets	116	0	0			116	0			116
Trade and other receivables, and contract-related assets	2,926	(48)	(49)	27		2,856	(16)	10		2,850
Derivative financial instruments	2,731	0	0			2,731	0			2,731
Cash and cash equivalents	3,733	(101)	0	624	86	4,342	0	(27)		4,315
Total current assets	9,826	(159)	(63)	651	86	10,341	(24)	(17)		10,300
Current liabilities										
Trade and other payables, and contract-related assets	(3,817)	44	89			(3,684)	18			(3,666)
Current tax liabilities (Note 4)	(201)	0	159			(42)	0			(42)
Bank overdraft and loans and other borrowings	(605)	0	88		(86)	(603)	0			(603)
Derivative financial instruments	(2,115)	0	0			(2,115)	0			(2,115)
Provisions for other liabilities and charges	(139)	0	4			(135)	0			(135)
Total current liabilities	(6,877)	44	340		(86)	(6,579)	18			(6,561)
Non-current liabilities										
Trade and other payables, and contract-related assets	(277)	0	0			(277)	0			(277)
Bank loans and other borrowings	(3,497)	0	4			(3,493)	0			(3,493)
Derivative financial instruments	(365)	0	0			(365)	0			(365)
Deferred tax liabilities	(453)	0	376		(145)	(222)	0			(222)
Retirement benefit obligations	(241)	0	0			(241)	0			(241)
Provisions for other liabilities and charges (Note 4)	(2,394)	347	243		(118)	(1,922)	227			(1,695)
Total non-current liabilities	(7,227)	347	623		(263)	(6,520)	227			(6,293)
	(14,104)	391	963		(349)	(13,099)	245			(12,854)
Net assets	2,878	(94)	(484)	651	(118)	2,833	54	(17)	(48)	2,822

Notes:

- (1) The net assets have been extracted without material adjustment from the unaudited condensed interim financial statements of the Group as at 30 June 2021, which were prepared in accordance with UK adopted IFRS.
- (2) These adjustments remove the assets and liabilities of the Sale and Business Interests, and were sourced from the historical financial information of the Sale and Business Interests as at 30 June 2021 contained in Part IV (*Historical Financial Information relating to the Sale Business and Interests*) of this document.
- (3) At completion of the Norwegian Business Sale and Statfjord Norway Sale, SEN is expected to ultimately receive approximately £651 million of net cash proceeds, after adjustment for estimated transaction costs of £18 million. This includes estimated contingent consideration of £27 million, which is based on the latest gross production forecasts for the Norwegian Business and Statfjord Norway Interests of approximately 546 mmthms and the forward gas price curve as at 1 December 2021. The estimation of fair value of expected contingent consideration is aligned to how it will be treated in the future financial statements of the Group, however it is noted that the numbers are subject to change depending on market conditions at 31 December 2021. As noted in paragraphs 1.2 and 2.2 of Part III (*Summary of the Principal Terms of the Transaction Documents*) of this document, the exact consideration is subject to certain adjustments which are customary in the context of the sale of interests in Norwegian offshore petroleum licences.

- (4) SEN is providing the Tax Indemnity, the potential liabilities under which Centrica has valued at £118 million, to be recognised on the retained balance sheet in respect of certain continuing liabilities. Please see paragraph 1.6 of Part III (*Summary of the Principal Terms of the Transaction Documents*) for more detail on the Tax Indemnity. The current tax liability associated is removed from the Norwegian Business (excluding Statfjord), and captured as a provision for other liabilities and charges in the retained balance sheet.

Further, presentational adjustments have been made to cash and deferred taxation. Deferred tax associated with Statfjord Norway has been presented net when aggregated for the Continuing Group. Bank overdraft and loans and other borrowings associated with the Norwegian Business (excluding Statfjord) has been presented net within cash when aggregated for the Continuing Group. This is aligned to the presentation of the condensed interim financial statements of the Group as at 30 June 2021.

- (5) The Norwegian Business Sale and Statfjord Norway Sale may complete without the Statfjord U.K. Sale, and the impact upon what would be the continuing group of this option is illustrated.
- (6) At completion of the Statfjord U.K. Sale, SERL is expected to ultimately pay approximately £17 million, which includes estimated contingent consideration receivable of £10 million, which is based on the latest gross production forecasts for the Statfjord U.K. Interests of approximately 74 mmthms and the forward gas price curve as at 1 December 2021. The estimation of fair value of expected contingent consideration is aligned to how it will be treated in the future financial statements of the Group, however it is noted that the numbers are subject to change depending on market conditions at 31 December 2021. As noted in paragraph 3.2 of Part III (*Summary of the Principal Terms of the Transaction Documents*) of this document, the exact consideration is subject to certain adjustments which are customary in the context of the sale of interests in U.K. offshore petroleum licences.
- (7) At Completion, £48 million of deferred tax asset attributable to SERL will be deemed irrecoverable without the Statfjord U.K. Interests to support the assumptions around future profitability based on prices and other conditions at June 2021.
- (8) No account has been taken of any trading or results of the Group or the Sale Business and Interests since 30 June 2021.
- (9) This unaudited consolidated pro forma statement of net assets does not constitute a financial statement within the meaning of section 434 of the Companies Act 2006.

SECTION B—ACCOUNTANT’S REPORT

Deloitte LLP
1 New Street Square
London EC4A 3HQ

The Board of Directors
on behalf of Centrica plc
Millstream
Maidenhead Road
Windsor, Berkshire
SL4 5GD

Goldman Sachs International
Plumtree Court
25 Shoe Lane,
London
EC4A 4AU

16 December 2021

Dear Sirs/Mesdames,

Centrica plc (the “Company” and, together with its subsidiaries, the “Group”)

We report on the pro forma financial information (the “**Pro Forma Financial Information**”) set out in Part V of the class 1 circular dated 16 December 2021 (the “**Class 1 Circular**”). This report is required by Annex 20, section 3 of the UK version of the Commission delegated regulation (EU) 2019/980 (the “**Prospectus Delegated Regulation**”) applied by Listing Rule 13.3.3R and is given for the purpose of complying with that regulation and for no other purpose.

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Group.

Responsibilities

It is the responsibility of the directors of the Company (the “**Directors**”) to prepare the Pro Forma Financial Information in accordance with Annex 20 sections 1 and 2 of the Prospectus Delegated Regulation as applied by Listing Rule 13.3.3R.

It is our responsibility to form an opinion as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you in accordance with Annex 20 section 3 of the Prospectus Delegated Regulation as applied by Listing Rule 13.3.3R.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to Ordinary shareholders as a result of the inclusion of this report in the Class 1 Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R (6), consenting to its inclusion in the Class 1 Circular.

In providing this opinion we are not updating or refreshing any reports or opinions previously made on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed at the date of their issue.

Basis of preparation

The Pro Forma Financial Information has been prepared on the basis described in Section A—Pro Forma Financial Information, for illustrative purposes only, to provide information about how (i) the

Transaction; and (ii) the Norwegian Business Sale and Statfjord Norway Sale might have affected the financial information presented on the basis of the accounting policies adopted by the Group in preparing the financial statements for the period ended 30 June 2021.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent of Centrica plc in accordance with the Financial Reporting Council's Ethical Standard as applied to Class 1 Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Group.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards or practices.

Yours faithfully

Deloitte LLP

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Part VI
OIL AND GAS RESERVES INFORMATION

The oil and gas information set out in this Part VI, including the reserves estimates, is unaudited; it is not covered by the audit opinion of the independent registered public accounting firms that have audited and reported the Centrica Group's financial information.

All of the information in this Part VI should be read in conjunction with Part II (Risk Factors).

1. Reserves Reporting

The oil and gas information in this Circular contains reserves estimates.

The reserves estimates set out in this Circular are reported according to the guidelines set by the Petroleum Resources Management System, which is sponsored by the following organisations: Society of Petroleum Engineers; American Association of Petroleum Geologists; World Petroleum Council; Society of Petroleum Evaluation Engineers; and Society of Exploration Geophysicists.

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 proved and probable ("2P") gas and liquids reserves, representing the central estimate of future hydrocarbon recovery. Reserves for Spirit Energy Group-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. This review is subject to an external audit process covering 60 per cent. of Spirit Energy Group's 2P reserves in each audit cycle and 90 per cent. of 2P reserves in any three year rolling period. A comprehensive report which describes the in-scope license interests and levels of proven, probable and possible reserves and resources is issued at the conclusion of each audit cycle. Reserves are estimated in accordance with a formal policy and procedure standard.

2. Details of 2P reserves in respect of the Sale Business and Interests

The tables below summarise the details of the Spirit Energy Group's 2P reserves¹ in respect of each of the Norwegian Business, Staffjord Norway Interests and Staffjord U.K. Interests. The tables below set out 100 per cent of the Spirit Energy Group's 2P reserves; Centrica's indirect interest in such reserves is 69 per cent., reflecting its shareholding in Spirit Energy. The information is extracted from Spirit Energy's official year end reserves 2020 which is presented on an aggregated basis for the entire Spirit Energy portfolio in Spirit Energy's 2020 Annual Report and in Centrica's 2020 Annual Report.

2.1 Norwegian Business Interests

<u>Estimated net 2P reserves of gas</u>	<u>Billion cubic feet</u>
1 January 2020	237.44
Revisions of previous estimates	+1.35
Disposals of reserves in place	0.00
Production	-35.94
31 December 2020	<u>202.85</u>

¹ References to liquids reserves in the below tables include oil, condensate and natural gas liquids.

<u>Estimated net 2P reserves of liquids</u>	<u>Million barrels</u>
1 January 2020	61.72
Revisions of previous estimates	+2.08
Disposals of reserves in place	0.00
Production	-8.76
31 December 2020	<u>55.04</u>

<u>Estimated net 2P reserves</u>	<u>Million barrels of oil equivalent</u>
31 December 2020	<u>88.85</u>

2.2 Statfjord Norway Interests

<u>Estimated net 2P reserves of gas</u>	<u>Billion cubic feet</u>
1 January 2020	76.80
Revisions of previous estimates	+2.43
Disposals of reserves in place	0.00
Production	-9.53
31 December 2020	<u>69.70</u>

<u>Estimated net 2P reserves of liquids</u>	<u>Million barrels</u>
1 January 2020	28.16
Revisions of previous estimates	+6.10 ²
Disposals of reserves in place	0.00
Production	-3.38
31 December 2020	<u>30.88</u>

<u>Estimated net 2P reserves</u>	<u>Million barrels of oil equivalent</u>
31 December 2020	<u>42.50</u>

2.3 Statfjord U.K. Interests

<u>Estimated net 2P reserves of gas</u>	<u>Billion cubic feet</u>
1 January 2020	54.52
Revisions of previous estimates	-1.07
Disposals of reserves in place	0.00
Production	-6.58
31 December 2020	<u>46.86</u>

<u>Estimated net 2P reserves of liquids</u>	<u>Million barrels</u>
1 January 2020	16.66
Revisions of previous estimates	+0.27
Disposals of reserves in place	0.00
Production	-2.25
31 December 2020	<u>14.68</u>

<u>Estimated net 2P reserves</u>	<u>Million barrels of oil equivalent</u>
31 December 2020	<u>22.49</u>

2 2P reserves were revised upwards significantly during 2020 due to sanction of the Statfjord Field Life Extension Project.

3. Further oil and gas information on the Sale Business and Interests

Information on the Sale Business and Interests, including details of licences which will be transferred as part of the Sales are, to the extent that such licences relate to fields and blocks with 2P reserves, set out below.

This section 3 does not contain the details of any transferring licences or fields which do not contain reserves which are considered to be 2P. On this basis, information in relation to exploration licences and licences which only contain 2C reserves or contingent or prospective resources only have been excluded.

3.1 The Norwegian Business

Heimdal

Overview and history of the development

Heimdal is a gas condensate field located in the Central North Sea and was discovered in 1972. The plan for development and operation was approved in 1981, with the field developed using an integrated drilling, production and accommodation facility with a steel jacket, Heimdal Main Platform (HMP1).

Production started in 1985 and the plan for development and operation for Heimdal Jurassic was approved in 1992. The plan for development and operation for the Heimdal Gas Centre was approved in 1999, and included a new riser facility, connected by a bridge to HMP1.

Heimdal has an expected field life to 2023 and is now mainly a processing centre for other fields; presently Atla, Skirne, Vale and Valemon, and for Huldra until production ceased in 2014. The Huldra pipeline to Heimdal is now used for transport of rich gas from Valemon. Heimdal also serves as a hub for rich gas transported from Oseberg to continental Europe via the Draupner platforms.

Heimdal licence details

<u>Licences / Block</u>	<u>Operator</u>	<u>Spirit Energy Group's interest (per cent.)</u>	<u>Current Area (km²)</u>	<u>Status</u>	<u>Date of award</u>	<u>Date valid to</u>
PL036 BS (Block 25/4)	Equinor Energy AS	28.798	13.993	Production	13 October 2003	11 June 2021 ³

Vale

Overview and history of the development

Vale is a gas condensate field located in the Central North Sea, 16 kilometres north of the Heimdal field. Discovered in 1991, the plan for development and operation was approved in 2001. The field is developed with a subsea template including one horizontal production well with a single side track, tied-back to the Heimdal facility. Production started in 2002 and Vale, which produces both gas and condensate, has an expected field life to 2023.

The well stream from Vale is routed to Heimdal for processing and export. Gas is transported via Vesterled to St. Fergus in the U.K. Condensate is transported by pipeline to the Brae field in the U.K. sector and further to Cruden Bay.

³ It is noted that an extension to 2023 has been granted.

Vale licence details

<u>Licences / Block</u>	<u>Operator</u>	<u>Spirit Energy Group's interest (per cent.)</u>	<u>Current Area (km²)</u>	<u>Status</u>	<u>Date of award</u>	<u>Date valid to</u>
PL036 (Block 25/4)	Spirit Energy Norway AS	50	19.162	Production	11 June 1971	11 June 2023
PL249 (Block 25/5)	Spirit Energy Norway AS	50	1.209	Production	4 June 1999	11 June 2023

Ivar Aasen

Overview and history of the development

Ivar Aasen is a field in the northern part of the North Sea, 30 kilometres south of the Grane and Balder fields. Ivar Aasen was discovered in 2008 and the plan for development and operation was approved in 2013, with production starting in 2016. The development comprises a production, drilling and quarters platform with a steel jacket and a separate jack-up rig for drilling and completion.

The platform is equipped for the tie-in of a subsea template planned for the development of the Hanz field, and for possible development of other nearby discoveries. First stage processing is carried out on the Ivar Aasen platform, and the partly processed fluids are transported to the Edvard Grieg platform for final processing and export.

Ivar Aasen licence details⁴

<u>Licences / Block</u>	<u>Operator</u>	<u>Spirit Energy Group's interest (per cent.)</u>	<u>Current Area (km²)</u>	<u>Status</u>	<u>Date of award</u>	<u>Date valid to</u>
PL001B (Block 16/1)	Aker BP ASA	15	48.128	Production	15 December 1999	31 December 2036
PL 242 (Block 16/1)	Aker BP ASA	15	21.404	Production	4 June 1999	31 December 2036

Kvitebjørn

Overview and history of the development

Kvitebjørn is a gas and condensate field located in the northern North Sea, 15 kilometres southeast of the Gullfaks field. Discovered in 1994, the plan for development and operation was approved in 2000. The field is developed with an integrated accommodation, drilling and processing facility with a steel jacket. Production started in 2004 and, as well as gas, it also produces condensate.

Kvitebjørn licence details

<u>Licences / Block</u>	<u>Operator</u>	<u>Spirit Energy Group's interest (per cent.)</u>	<u>Current Area (km²)</u>	<u>Status</u>	<u>Date of award</u>	<u>Date valid to</u>
PL 193 (Block 34/11)	Equinor Energy AS	19	127.363	Production	10 September 1993	10 September 2031
PL 193C (Block 34/11)	Equinor Energy AS	19	6.677	Production	4 February 2011	10 September 2031

⁴ Spirit Energy Norway AS also has a 12.3173% interest in the Ivar Aasen Unit (The Ivar Aasen Unit owners are the owners of licences PL 001B, PL242, PL 338BS and PL 457BS).

Maria

Overview and history of the development

Maria is located on Haltenbanken in the Norwegian North Sea, where water depth in the area is 300 metres. It was discovered in 2010, and the plan for development and production was approved in 2015. The field is developed as a subsea tieback with two templates—there are five producers and two water injectors on the field.

Gas for gas lift is supplied from the Åsgard B facility via the Tyrihans D template. Sulphate-reduced water for injection is supplied from Heidrun. Production started in 2017 and water injection started one month after production start-up.

Maria licence details

<u>Licences / Block</u>	<u>Operator</u>	<u>Spirit Energy Group's interest (per cent.)</u>	<u>Current Area (km²)</u>	<u>Status</u>	<u>Date of award</u>	<u>Date valid to</u>
PL 475 BS (Blocks 6406/3, 6407/1)	Wintershall Dea Norge AS	20	36.581	Production	23 January 2009	28 February 2036
PL 475 CS (Blocks 6406/3 and 6507/10)	Wintershall Dea Norge AS	20	5.852	Production	4 February 2011	31 August 2036

Oda

Overview and history of the development

The Oda field was discovered in 2011 and is located in the southern part of the North Sea. Oda is developed with a subsea facility including two production wells tied-back to the Ula field (13 km) and one water injection well for pressure support. Oil is exported to Ekofisk and then onward in Norpipe to the Teesside terminal in the U.K. The Oda gas is sold on the Ula platform.

Production commenced on 16 March 2019, five months ahead of schedule, and Oda has an expected field life of 2030+.

Oda licence details

<u>Licences / Block</u>	<u>Operator</u>	<u>Spirit Energy Group's interest (per cent.)</u>	<u>Contract Area (km²)</u>	<u>Status</u>	<u>Date of award</u>	<u>Date valid to</u>
PL405 (Block 8/10)	Spirit Energy Norway AS	40	18.765	Production	16 February 2007	1 December 2036

Trym

Overview and history of the development

Trym was discovered in 1990 and is located in the southern part of the Norwegian North Sea, three kilometres from the border of the Danish sector, in an area with a water depth of 65 metres.

The plan for development and operation was approved in 2010 and the field was developed with a subsea template, including two horizontal production wells, tied to the Harald facility in the Danish sector. Production started in 2011, with Trym producing both gas and condensate. The field is temporarily shut-in until Q3 2023 while the Tyra re-development is ongoing.

Trym licence details

<u>Licences / Block</u>	<u>Operator</u>	<u>Spirit Energy Group's interest (per cent.)</u>	<u>Current Area (km²)</u>	<u>Status</u>	<u>Date of award</u>	<u>Date valid to</u>
PL147 (Block 3/7)	DNO Norge AS	50	19.372	Production	8 July 1988	8 July 2027

Vega

Overview and history of the development

Vega was discovered in 1981 and is located in the northern North Sea, 28 kilometres west of the Gjøa field, where water depth in the area is 370 metres. The field consists of three separate deposits: Vega Nord, Vega Sentral and Vega Sør, producing oil, gas and condensate.

The plan for development and operation for Vega Nord and Vega Sentral was approved in 2007. The field has been developed with three subsea templates with four slots, tied to the processing facility on the Gjøa field. A total of six production wells have been drilled, with production starting in 2010.

Vega licence details⁵

<u>Licences / Block</u>	<u>Operator</u>	<u>Spirit Energy Group's interest (per cent.)</u>	<u>Current Area (km²)</u>	<u>Status</u>	<u>Date of award</u>	<u>Date valid to</u>
PL090 C (Block 35/11)	Wintershall Dea Norge AS	25	21.663	Production	25 May 2005	9 March 2024
PL090 HS (Block 35/11)	Equinor Energy AS	25	21.663	Production	9 April 2013	19 February 2024

3.2 Norwegian Business—Developments

Nova

Overview and history of the development

The Nova field was discovered in 2012 and is located in the north-eastern North Sea, approximately 20 kilometres southwest of the Gjøa platform. Principally located in Production Licence (PL) 418, the development is expected to produce around 86 mmbob, of which the majority is oil.

The Nova field benefits from the region's rich infrastructure. It is being developed as a subsea tieback connecting two templates to the Gjøa platform for processing and export. Gjøa will also provide lift gas to the field and water injection for pressure support, while power comes via the Gjøa platform from shore. Oil will be processed and exported to Mongstad, and gas to St. Fergus.

Nova licence details

<u>Licences / Block</u>	<u>Operator</u>	<u>Spirit Energy Group's interest (per cent.)</u>	<u>Current Area (km²)</u>	<u>Status</u>	<u>Date of award</u>	<u>Date valid to</u>
PL418 (Blocks 35/8 and 9)	Wintershall Dea Norge AS	20	48.136	Development	16 February 2007	16 February 2041
PL418 B (Block 35/9)	Wintershall Dea Norge AS	20	3.317	Development	1 March 2019	16 February 2041

⁵ Spirit Energy Norway AS also owns 5.5% of the Vega Unit. The Vega Unit is owned by licenses PL090C, PL248 and PL248B license owners, covering Vega, Vega Nord, Vega Sentral and Vega Sør. This means Spirit has a 5.5% interest in Vega, Vega Nord and Vega Sentral (through Vega Unit) and a 25% interest in Vega Sør (through PL 090C).

Hanz

Overview and history of the development

Hanz is an oil and gas discovery located north of Ivar Aasen in the North Sea. The plan is to develop Hanz as a subsea tie-back to Ivar Aasen. Hanz was incorporated in the original design of Ivar Aasen, hence the facilities have the capacity for Hanz fluids and utilities. Hanz was part of the Ivar Aasen plan for development and operation approved in 2012. Production start is estimated to 2024. Oil will be exported to the Sture terminal in Norway, while gas is to be exported to St. Fergus in the UK.

Hanz licence details

<u>Licences / Block</u>	<u>Operator</u>	<u>Spirit Energy Group's interest (per cent.)</u>	<u>Current Area (km²)</u>	<u>Status</u>	<u>Date of award</u>	<u>Date valid to</u>
PL028 B (Block 25/10)	Aker BP	15	30.210	Development	15 December 1999	31 December 2036

3.3 Statfjord

Overview and history of the development

Statfjord is located in the northern North Sea, on the border between the Norwegian and U.K. sectors. It was discovered in 1974, and the plan for development and operation was approved in 1976. The field has been developed with three fully-integrated concrete facilities: Statfjord A, Statfjord B and Statfjord C.

Statfjord A, centrally located in the field, came on stream in 1979. Statfjord B, in the southern part of the field, in 1982, and Statfjord C, in the northern part, in 1985. The satellite fields Statfjord Øst, Statfjord Nord and Sygna have a dedicated inlet separator on Statfjord C.

A plan for development and operation for the Statfjord Late Life project was approved in 2005, and has prolonged the field's lifetime as well as increasing oil and gas recovery. It is now focused on identifying and drilling remaining oil and gas targets. Statfjord, including the Statfjord satellites, has an expected field life to the end of the 2030s, with current cease of production scheduled for 2037.

Licence details—Statfjord Norway Interest⁶

<u>Licences / Block</u>	<u>Operator</u>	<u>Spirit Energy Group's interest (per cent.)</u>	<u>Current Area (km²)</u>	<u>Status</u>	<u>Date of award</u>	<u>Date valid to</u>
PL037 (Blocks 33/9 and 33/12)	Equinor Energy AS	23.125	176.372	Production	10 August 1973	10 August 2026

⁶ Spirit Energy Norway AS has a 19.764640% interest in the Statfjord Unit (the Statfjord Unit owners are the owners of licence PL37), 11.5625% interest in the Statfjord Øst Unit (the Statfjord Øst Unit owners are the owners of licences PL37 and PL89), 12.718700% interest in Sygna Unit (the Sygna Unit owners are the owners of licences PL37 and PL89) and 23.125000% interest in the Statfjord Nord field.

Licence details—Statfjord U.K. Interests⁷

Licences / Block	Operator	Spirit Energy Group's interest (per cent.)	Current Area (km²)	Status	Date of award	Date valid to
P.104 (211/24b and 211/25a (B-STA and B-RST))	Spirit Energy Resources Limited	100	28.46	Production	9 June 1970	N/A
P.293 (211/25b)	Spirit Energy Resources Limited	100	2.05	Production	27 April 1979	N/A
P.2460 (211/29f and 211/30c)	Equinor UK Limited	34.29595	11.44	Production	1 October 2018 (executed 20 October 1992)	30 September 2040 (Anticipated)

⁷ Spirit Energy Resources Limited has a 14.531310% interest in the Statfjord Unit and a 34.29595% interest in Barnacle.

Part VII
ADDITIONAL INFORMATION

1. Responsibility

Centrica and the Directors, whose names are set out in paragraph 3 of this Part VII below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of Centrica and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Incorporation and registered office

The Company's legal and commercial name is Centrica plc. The Company is a public limited company and was incorporated and registered in England and Wales on 16 March 1995 as a public company limited by shares. The Company's registered office is at Millstream, Maidenhead Road, Windsor, Berkshire, SL4 5GD (telephone number +44 (0) 1753 494 000).

The principal legislation under which Centrica operates is the Companies Act 2006.

3. Directors

<u>Name</u>	<u>Position</u>	<u>Appointed</u>
Scott Wheway	Chairman	May 2016 ⁽¹⁾
Chris O'Shea	Group Chief Executive	November 2018 ⁽²⁾
Kate Ringrose	Group Chief Financial Officer	January 2021
Stephen Hester	Senior Independent Director	June 2016
Pam Kaur	Non-Executive Director	February 2019
Heidi Mottram	Non-Executive Director	January 2020
Kevin O'Byrne	Non-Executive Director	May 2019
Carol Arrowsmith	Non-Executive Director	June 2020

(1) Scott Wheway was first appointed to the Board in May 2016 and became Chairman in March 2020

(2) Chris O'Shea was first appointed to the Board in November 2018 and became Group Chief Executive in April 2020

4. Company Secretary

Raj Roy was appointed Interim Group General Counsel & Company Secretary with effect from 1 October 2020, and subsequently appointed as the permanent Group General Counsel & Company Secretary on 3 March 2021.

5. Directors' shareholdings and options

5.1 Holdings in Centrica Shares

The total direct interests of the Directors in Centrica Shares as at the Latest Practicable Date are set out below:

<u>Name</u>	<u>Number of shares</u>	<u>% of total voting rights in Centrica</u>
Scott Wheway	110,187	0.002%
Chris O'Shea	580,574 ⁽¹⁾	0.010%
Kate Ringrose	39,923	0.001%
Stephen Hester	20,700	0.000%
Pam Kaur	nil	nil
Heidi Mottram	nil	nil
Kevin O'Byrne	40,000	0.001%
Carol Arrowsmith	nil	nil

(1) includes 254,350 ordinary shares held by a connected person (which are not, save for exceptional circumstances, subject to the continued service or the achievement of performance conditions).

5.2 Awards granted to Centrica Directors

As at the Latest Practicable Date, the Directors have outstanding awards over Centrica Shares as set out below.

Long Term Incentive Plan

The Long Term Incentive Plan (“**LTIP**”) is designed to retain Directors and to encourage sustainable high performance.

Awards are granted each year based on a percentage of base salary at the point of award. Shares vest at the end of a three-year performance period, depending on the achievement against the performance target, but are not released until the fifth anniversary of the award date. LTIP awards are usually delivered as conditional shares. It is a requirement of the LTIP that the net shares are held for a further two years following the vesting date. Malus applies to the shares during the three-year performance period and clawback applies to the shares during the two-year holding period.

<u>Director</u>	<u>Date of grant</u>	<u>Interest</u>	<u>Vesting date</u>	<u>Release date</u>
Chris O’Shea	May 2021	3,522,471	May 2024	May 2026
	June 2021	4,431,948	June 2024	June 2026
	Apr 2019	1,332,530	Apr 2022	Apr 2024
Kate Ringrose	June 2021	1,501,143	June 2024	June 2026

Annual Incentive Plan

The Annual Incentive Plan (“**AIP**”) is designed to incentivise and reward the annual performance of individuals and teams in the delivery of short-term financial and non-financial metrics.

In line with the Group’s annual performance management process, each Executive Director has an agreed set of stretching individual objectives each year. Following measurement of the individual and Centrica’s financial performance outcome, AIP awards are made. Half of the AIP award is paid in cash, and the other half is required to be deferred into shares which are held for three years, to further align the interests of Executive Directors with the long-term interests of shareholders. If overall business performance is not deemed satisfactory, an individual’s AIP payment for the year may be reduced or forfeited, at the discretion of the Remuneration Committee. Malus and clawback apply to the cash and share awards.

<u>Director</u>	<u>Date of Grant</u>	<u>Interest</u>	<u>Release date</u>
Chris O’Shea	Apr 2019	68,689	Apr 2022

Share Incentive Plan

The Share Incentive Plan (“**SIP**”) is an incentive scheme offered to all eligible employees in the U.K. The SIP enables employees to purchase shares in Centrica using their pre-tax salaries, subject to certain caps (the lower of £150 per month or 10 per cent. of salary). Shares (known as partnership shares) acquired by the Executive Directors under the SIP and not subject to continued service are included in the figures set out in paragraph 5.1 of this Part VII.

Additionally, Centrica matches share purchases made under the SIP in certain circumstances (for every two shares purchased under the SIP, Centrica awards one free partnership share, up to a maximum of 22 shares per month). These shares are known as matching shares. Any matching Shares awarded to employees are not released to the relevant employee until after a period of continued service of three years following the date of the award. Partnership shares and matching awards made to the Executive Directors as at the Latest Practicable Date are set out below.

<u>Director</u>	<u>Partnership shares</u>	<u>Matching shares</u>	<u>Date of award of matching shares</u>	<u>Release date of matching shares</u>
Chris O'Shea	9,080 ⁽¹⁾	792 ⁽²⁾	Jan 2019 to Dec 2021 ⁽³⁾	Jan 2022 to Dec 2024
Kate Ringrose	2,505 ⁽¹⁾	242 ⁽²⁾	Feb 2021 to Dec 2021 ⁽³⁾	Feb 2024 to Dec 2024

(1) As at 13 December 2021, Partnership shares include dividend shares acquired through the SIP's dividend re-investment option.

(2) As at 13 December 2021, all Matching shares are still within 3 year holding period.

(3) Chris O'Shea and Kate Ringrose have received the maximum matching share award for each month in the period stated (22 shares per month).

Sharesave Scheme

The Sharesave Scheme ("**SAYE**") is a share option scheme offered to all eligible employees in the U.K. and Ireland. The SAYE enables employees to save a fixed amount each month for periods of three years, five years (or both). Employees can choose to save up to £500 a month (such cap applying across all SAYE schemes, whether existing or cancelled until their normal maturity date), or as little as £5 a month.

Savings are taken from participating employees' net pay each month and paid directly into their designated SAYE savings account. Participating employees are committed to saving the same amount for the full period. At the end of the particular period, participating employees can use their savings to buy Shares at the option price, which includes a 20 per cent. discount. Any Shares purchased can be kept or sold without restriction (subject to applicable law and to the Company's dealing manual). Participating employees also have the option of withdrawing the money in their SAYE savings account.

Details of the Directors' participation in the SAYE scheme as at the Latest Practicable Date are set out below.

<u>Director</u>	<u>Date of grant</u>	<u>No. of Share options</u>	<u>Exercise price</u>	<u>Earliest realisation date</u>	<u>Expiry date</u>
Chris O'Shea	Mar 2019	30,395	£0.987	June 2024	Nov 2024

On Track Investment Plan

The On Track Incentive Plan ("**OTIP**") is designed to retain senior managers and to encourage sustainable high performance.

Awards are granted each year based on a percentage of base salary at the point of award. Shares vest at the end of a two-year and three-year performance period with the shares split equally across the vesting dates. OTIP awards are usually delivered as conditional shares.

Details of the Directors' participation in the OTIP scheme as at the Latest Practicable Date are set out below.

<u>Director</u>	<u>Date of Grant</u>	<u>Interest</u>	<u>Vest date</u>
Kate Ringrose	Apr 2019	27,064	Apr 2022

Conditional Share Incentive Plan

The Conditional Share Incentive Plan ("**CSIP**") is designed to retain senior managers and to encourage sustainable high performance.

Awards are granted each year based on a percentage of base salary at the point of award. Shares vest at the end of a two-year and three-year performance period with the shares split equally across the vesting dates. CSIP awards are usually delivered as conditional shares.

Details of the Directors' participation in the CSIP scheme as at the Latest Practicable Date are set out below.

<u>Director</u>	<u>Date of Grant</u>	<u>Interest</u>	<u>Vest date</u>
Kate Ringrose	Mar 2020	209,071	Mar 2022
	Mar 2020	209,072	Mar 2023

Restricted Share Scheme

The Restricted Share Scheme (“**RSS**”) is designed to retain senior managers and to encourage sustainable high performance.

Awards are granted on a discretionary basis based on a percentage of base salary at the point of award. Shares vest at the end of a predefined performance period with the shares split equally across the vesting dates, this is normally over a two-year and three-year period. RSS awards are usually delivered as conditional shares.

Details of the Directors’ participation in the RSS scheme as at the Latest Practicable Date are set out below.

<u>Director</u>	<u>Date of Grant</u>	<u>Interest</u>	<u>Vest date</u>
Kate Ringrose	Sep 2020	139,901	Apr 2022
	Sep 2020	139,900	Apr 2023

6. Directors’ service contracts and letters of appointment

Key details on the terms of the Directors’ service contracts and letters of appointment providing for benefits upon termination of employment are summarised below.

6.1 Executive Directors

The Executive Directors are engaged under rolling contracts of employment with no fixed term which entitle them to 12 months’ notice from the Company in the event of termination other than for cause. Executive Directors’ contracts allow for termination with contractual notice from the Company or an enforced period of garden leave of up to six months, or termination with a payment in lieu of notice, in each case at the Company’s discretion. Each Executive Director is required to mitigate any loss by seeking appropriate alternative employment during any notice period.

The Executive Directors are required to give the Company 12 months’ notice to terminate their contract of employment.

There are no agreements between the Company and its Executive Directors providing for additional compensation for loss of office or employment that occurs as a result of a public takeover bid for Centrica.

Any entitlement to variable remuneration upon the cessation of a Director’s office or employment under the AIP or LTIP, are governed by the rules of the respective scheme or plan.

6.2 Non-Executive Directors

The Non-Executive Directors are engaged under letters of appointment which provide for a rolling term between each Centrica annual general meeting, and terminate automatically if the relevant Non-Executive Director fails to be re-elected at an annual general meeting. The letters of appointment also terminate automatically if the relevant Non-Executive Director’s office as director is vacated, or if the relevant Non-Executive Director otherwise stops being a director in accordance with the Articles of Association.

The letters of appointment are terminable on three months’ written notice by either party (except in the case of the Chairman, whose letter of appointment specifies six written months’ notice), or summarily by Centrica in the event of the relevant Non-Executive Director materially breaching the terms of his or her letter of appointment or other obligations to Centrica, including statutory, contractual, fiduciary and common-law duties.

The Non-Executive Directors are not entitled to compensation or other payment for loss of office on termination of their letters of appointment.

7. Major Shareholders

As at the Latest Practicable Date, Centrica had been notified (in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules) of the following underlying investors with a notifiable interest in the issued ordinary share capital of the Company.

Shareholder	% of Centrica Shares in issue
Schroders Investment Management Limited	11.10538
Bank of America Corporation	5.780643
BlackRock Inc.	below 5
Standard Life Aberdeen plc	4.99
Majedie Asset Management Limited	4.99
Newton Investment Management Limited	4.99
RWC Asset Management LLP	4.99

8. Key individuals

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.

9. Material contracts

9.1 The Continuing Group

No contracts have been entered into by the Continuing Group (other than contracts entered into in the ordinary course of business): (i) within two years immediately preceding the date of this document that are, or may be, material to the Continuing Group, or (ii) that contain provisions under which any member of the Continuing Group has an obligation or entitlement that is, or may be, material to the Continuing Group as at the Latest Practicable Date, save as disclosed below.

Purchase Agreements, Exit DSA, Equinor DSA and Amended SHA

A summary of the principal terms and conditions of the Purchase Agreements, Exit DSA, Equinor DSA and Amended SHA is set out in Part III (*Summary of the Principal Terms of the Transaction Documents*) of this document.

Sale of Direct Energy

On 24 July 2020, Centrica, Centrica Beta Holdings Limited, Centrica Gamma Holdings Limited, Direct Energy U.S., and Direct Energy Canada, entered into a purchase agreement (the “**Direct Energy SPA**”) for the sale of the entire issued share capital of Direct Energy U.S. and Direct Energy Canada to NRG for total consideration of \$3.625 billion, exclusive of working capital adjustments. The sale completed on 5 January 2021.

In the Direct Energy SPA, Centrica, Centrica Beta Holdings Limited and Centrica Gamma Holdings Limited gave certain warranties and representations that are customary for a transaction of this nature. NRG obtained a representation and warranty insurance policy which, following completion of the sale of Direct Energy, is its sole and exclusive recourse for any inaccuracy in or breach of the warranties and representations given by Centrica, Centrica Beta Holdings Limited and Centrica Gamma Holdings Limited in the Direct Energy SPA (other than in respect of claims for fraud).

Centrica agreed to indemnify NRG in respect of any liability that NRG incurs in connection with certain matters related to the Direct Energy SPA. Centrica's liability in respect of the matters covered by these indemnities is uncapped.

The Direct Energy SPA is governed by the laws of the state of Delaware.

Direct Energy Transition Services Agreement

On 5 January 2021, Centrica entered into a transition services agreement (the "**Direct Energy TSA**") with NRG under the terms of which Centrica agreed to provide or procure the provision of a range of transition services to, in the case of Centrica, Direct Energy U.S. and Direct Energy Canada and, in the case of NRG, to the Group, for a transitional period of up to 24 months following completion of the sale of Direct Energy while separation takes place. Under the terms of the Direct Energy TSA, the relevant service provider is paid a fee calculated on a monthly basis by reference to the services provided during the relevant charging period.

Deed of Release

On 23 July 2020, Centrica (and certain of its Subsidiaries) entered into a deed of release (the "**Deed of Release**") with Centrica Engineers Pension Trustees Limited, Centrica Pension Plan Trustees Limited and Centrica Pension Trustees Limited (together the "**Pension Trustees**") pursuant to which the Pension Trustees agreed to release the security they held over Direct Energy U.S. (and related security) effective from such date (the "**Discharge Date**") as, by way of replacement security:

- (A) up to 10 letters of credit issued by banks or financial institutions having a rating of A or higher by Standard & Poor's (or the equivalent Moody's rating) (an "**Acceptable Bank**") in a customary form in the aggregate amount of £745 million were issued in favour of the Pension Schemes;
- (B) the aggregate sum of £250 million was deposited by Centrica Beta Holdings Limited into accounts held with Acceptable Banks over which the Pension Schemes were granted a first fixed charge under the terms of an account security charge; and
- (C) Centrica delivered in favour of each of the Pension Schemes three parent company guarantees guaranteeing all of Centrica's present and future obligations and liabilities to make payments to the respective Pension Schemes, such parent company guarantees to become effective only in circumstances where: (i) any letter of credit referred to in (A) above has not been renewed 30 days prior to its expiry date; or (ii) the Company grants security to the issuer of any letter of credit referred to in (A) above, in respect of the Company's obligations to the issuer under that letter of credit.

Side Letter to Deed of Release

In a side letter to the Deed of Release dated 23 July 2020 (the "**Side Letter**"), Centrica and the Pension Trustees agreed that it was their mutual intention to agree terms on which Centrica would, following completion of the sale of Direct Energy, make a contribution to the Pension Schemes out of the net cash proceeds arising from the sale of Direct Energy.

The Side Letter provides that, in consideration of the Pension Trustees entering into the Deed of Release and pending the conclusion of discussions around the contribution to the Pension Schemes described above, from the Discharge Date until the earlier of (i) the date on which the terms of Centrica's contribution to the Pension Schemes is agreed and (ii) 30 June 2022 (or, if the agreement of the actuarial valuations of the Pension Schemes as at 31 March 2021 have not been agreed by such date, such later date up to 31 December 2022 as discussed in good faith by Centrica and the Pension Trustees), Centrica shall not:

- (D) pay any dividends or make any other distributions to Shareholders, whether in cash or otherwise (except for any issue of bonus shares, or any distribution of assets to shareholders on a winding up), in excess of the Group's Free Cash Flow in the then current financial year (in the case of an interim dividend or distribution) or the financial year ending prior to the date on which the dividend or distribution is made (in the case of a final dividend or distribution) and in each case including any positive post-dividend Free Cash Flow retained from the previous year; and

- (E) prepay any external financial indebtedness existing at the Discharge Date owing under its credit facility agreements or note issuances or other listed debt (“**Existing Debt**”) before its scheduled repayment date in an amount exceeding (in aggregate) £150 million (or its equivalent in another currency or currencies) without the consent of the Pension Trustees. The payment of the following amounts does not constitute a “prepayment” for these purposes: (i) any payment made pursuant to mandatory prepayment terms provided for in the Existing Debt, provided such terms existed as at the date of the Side Letter; (ii) any repayment of or rollover of any amounts drawn under revolving facilities; or (iii) any payment made pursuant to or in connection with a refinancing or restructuring of Existing Debt.

The term “**Free Cash Flow**” is defined as the Group’s net cash flow from operating and investing activities, excluding: (i) sale or purchase of securities; (ii) movements in variation margin and cash collateral (that are included in the Group’s definition of net debt); and (iii) any disposal proceeds; but including (iv) financing interest paid; and (v) adding back an amount equal to the deferred redundancy strain payments made to the Pension Schemes of up to £240 million.

In addition, the Pension Trustees have agreed that, if the Free Cash Flow or projected Free Cash Flow of the Group in the financial year ending 31 December 2021 and/or the financial year ending 31 December 2022 is negative, they will consider, in good faith, and assuming no dividends have been declared and that any disposal proceeds are not being used to fund the payment of dividends that have previously been declared, any request by the Company to defer the cash element of the deficit repair contributions due to the Schemes in 2021 and/or 2022 (as applicable) under the existing recovery plans for the Pension Schemes. When considering Centrica’s request, the Pension Trustees will take account of relevant guidance issued by The Pensions Regulator.

Covenant to Pay Deed

Centrica and the Pension Trustees additionally entered into a replacement covenant to pay deed dated 23 July 2020 (the “**Covenant to Pay Deed**”). The Covenant to Pay Deed replaces the existing covenant to pay deed between the relevant parties entered into on 7 December 2016 and last amended on 29 July 2019.

Under the Covenant to Pay Deed, Centrica agreed to make payments to the Pension Schemes totalling £995 million if a demand is made by the Pension Trustees following the occurrence of certain default events. Centrica has also agreed to make payments of up to £240 million to the Pension Schemes in respect of previously deferred redundancy strain payments. The deferred redundancy strain payments were paid in full following completion of the sale of Direct Energy.

Disposal of King’s Lynn

On 20 December 2019, GBGH entered into an agreement (the “**King’s Lynn SPA**”) for the sale of its 382 MW King’s Lynn combined cycle gas turbine power station to RWE Generation UK plc (“**RWE**”) for total consideration of £105 million, based on a valuation date of 31 December 2019 and subject to customary adjustments to reflect changes to net debt and working capital as at completion. The disposal completed on 12 February 2020.

In the King’s Lynn SPA, GBGH gave certain representations, warranties and indemnities that are customary for a transaction of this nature. GBGH is not aware of any actual or threatened material claim in connection with these provisions. GBGH’s aggregate liability under the King’s Lynn SPA is subject to customary caps and time limits for RWE bringing claims.

9.2 The Sale Business and Interests

No contracts have been entered into in connection with Sale Business and Interests (other than contracts entered into in the ordinary course of business): (i) within two years immediately preceding the date of this document that are, or may be, material to the Sale Business and Interests or (ii) that contain provisions under which there is an obligation or entitlement that is, or may be, material to the Sale Business and Interests as at the Latest Practicable Date.

10. Legal or arbitration proceedings

10.1 The Continuing Group

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Centrica is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of the Continuing Group.

10.2 The Sale Business and Interests

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Centrica is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of the Sale Business and Interests.

11. Working capital

In the opinion of Centrica, taking into account the net proceeds of the Sales, the working capital available to the Continuing Group is sufficient for its present requirements; that is, for at least the next 12 months following the date of this document.

12. Significant changes

12.1 The Continuing Group

There has been no significant change to the financial position or financial performance of the Continuing Group since 30 June 2021, the date to which Centrica's last published unaudited interim financial information was prepared.

12.2 The Sale Business and Interests

There has been no significant change to the financial position or financial performance of the Sale Business and Interests since 30 June 2021, the date to which Centrica's last published unaudited interim financial information was prepared, save as set out in the statement that "The increase in wholesale commodity prices are starting to benefit our Upstream businesses" (which includes the Sale Business and Interests) in the section entitled "2021 OUTLOOK BROADLY UNCHANGED" of the Centrica 2021 Interim Results published on 22 July 2021. Increases in wholesale commodity prices since 30 June 2021 have had a positive impact on both the financial performance (including revenue, operating profit and profits) and the financial position of the Sale Business and Interests.

13. Related party transactions

Save as disclosed (in accordance with the respective standard adopted according to Regulation (EC) No. 1606/2002) in the information incorporated by reference and otherwise set out below, Centrica has not entered into any related party transactions (which, for these purposes, are those set out and adopted according to Regulation (EC) No. 1606/2002) during the period from 1 January 2018 up to the Latest Practicable Date:

- (A) Note S8 of the notes to the audited consolidated financial statements, which can be found at page 199 of the Centrica 2018 Annual Report, which is incorporated by reference into this document as set out in Part VIII (*Information Incorporated by Reference*) and available for inspection as set out in paragraph 15 of this Part VII;
- (B) Note S8 of the notes to the audited consolidated financial statements, which can be found at page 186 of the Centrica 2019 Annual Report, which is incorporated by reference into this document as set out in Part VIII (*Information Incorporated by Reference*) and available for inspection as set out in paragraph 15 of this Part VII;
- (C) Note S8 of the notes to the audited consolidated financial statements, which can be found at page 183 of the Centrica 2020 Annual Report, which is incorporated by reference into this document as set out in Part VIII (*Information Incorporated by Reference*) and available for inspection as set out in paragraph 15 of this Part VII;

- (D) Note 18 of the notes to the unaudited interim financial information for the six months ended 30 June 2021, which can be found at page 62 of the Centrica 2021 Interim Results, which is incorporated by reference into this document as set out in Part VIII (*Information Incorporated by Reference*) and available for inspection as set out in paragraph 15 of this Part VII; and
- (E) The Company entered into related party transactions with its investment in Lake Acquisitions Limited, which owns the existing EDF UK nuclear fleet, for the purposes of the standards adopted according to Commission Regulation (EC) No. 1606/2002 during the period from 1 August 2021 to 31 October 2021, with the following associated balances:

<u>Transactions with Nuclear</u>	<u>£m</u>
Purchase of goods and services from Nuclear ⁽¹⁾	(224)
Amounts owned to Nuclear ⁽²⁾	(3)

(1) 2021 total purchases up to 31 October 2021.

(2) As at 31 October 2021.

During the period from 1 November to 13 December 2021 (being the Latest Practicable Date), the nature of the related party transactions of the Company has not changed from those described above.

14. Consents

Goldman Sachs, who has acted as sole sponsor and lead financial adviser to Centrica in connection with the Transaction, has given and has not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.

Robey Warshaw, who has acted as financial adviser to Centrica in connection with the Transaction, has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.

Deloitte, registered to carry out audit work in the U.K. and Ireland by the Institute of Chartered Accountants in England and Wales, has given and not withdrawn its written consent to the inclusion of its accountant's report on the Unaudited Pro Forma Financial Information of the Continuing Group set out in Section B of Part V (*Unaudited Pro Forma Financial Information of the Continuing Group*), in the form and context in which it appears.

15. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any business day during the period beginning with (and including) the date of this document and ending on (and including) the date of the General Meeting, at Centrica's registered office at Millstream, Maidenhead Road, Windsor, Berkshire, SL4 5GD and at the offices of Centrica's legal adviser, Slaughter and May, at One Bunhill Row, London, EC1Y 8YY:

- (A) the Articles of Association;
- (B) this Circular;
- (C) the written consents referred to in paragraph 14 of this Part VII;
- (D) the consolidated audited accounts of the Group for the financial years ended 31 December 2018, 31 December 2019 and 31 December 2020;
- (E) the consolidated unaudited interim financial results of the Group for the six month period ended 30 June 2021;
- (F) the report by Deloitte set out in Section B of Part V (*Unaudited Pro Forma Financial Information of the Continuing Group*); and
- (G) the Purchase Agreements.

Copies of documents (A)-(F) will also be made available on Centrica's website: <https://www.centrica.com/GMJ22>.

Part VIII
INFORMATION INCORPORATED BY REFERENCE

The table below sets out the various information incorporated by reference into this document, so as to provide the information required under the Listing Rules.

<u>Document</u>	<u>Information incorporated by reference</u>	<u>Page number(s) in this document</u>
Centrica's 2018 Annual Report and Accounts	Details of related party transactions that Centrica has entered into for the financial year ended 31 December 2018.	63
Centrica's 2019 Annual Report and Accounts	Details of related party transactions that Centrica has entered into for the financial year ended 31 December 2019.	63
Centrica's 2020 Annual Report and Accounts	Details of related party transactions that Centrica has entered into for the financial year ended 31 December 2020.	63
Centrica's 2021 unaudited interim financial results for the period ended 30 June 2021	Details of related party transactions that Centrica has entered into in the six month period ended 30 June 2021.	63-64
Centrica's 2021 unaudited interim financial results for the period ended 30 June 2021	Section entitled "2021 OUTLOOK BROADLY UNCHANGED"	63

A copy of each of the documents listed is available for inspection in accordance with paragraph 15 of Part VII (*Additional Information*) of this document above (including on the Centrica website).

Information that is itself incorporated by reference in the above documents is not incorporated by reference into this document. It should be noted that, except as set forth above, no other portion of the above documents are incorporated by reference into this document and those portions which are not specifically incorporated by reference in this document are either not relevant for Shareholders or the relevant information is included elsewhere in this document.

Part IX
DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“2P”	proved and probable;
“Acceptable Bank”	as defined in paragraph 9.1 of VI (<i>Additional Information</i>) of this document;
“Amended SHA”	the SHA as amended under the terms of the amendment and restatement agreement entered into between GBGH, SWM, BE/PB and Spirit Energy on 8 December 2021 and including the ancillary agreement relating to GBGH’s ability to require SWM and BE/PB to sell their shares in Spirit Energy in certain circumstances and after 31 December 2023 each of which will come into effect on completion of the Norwegian Business Sale and Statfjord Norway Sale;
“AIP” or “Annual Incentive Plan”	as defined in paragraph 5.2 of Part VII (<i>Additional Information</i>) of this document;
“Articles of Association”	the articles of association of Centrica as at the date of this document;
“BE/PB”	SWM Bayerische E&P Beteiligungsgesellschaft mbH, whose business address is Emmy-Noether-Strasse 2, 80992 Munich, Germany, registered with the commercial register of the local court of Munich under HRB 236502;
“Board” or “Board of Directors”	Centrica’s board of directors, whose details are set out at paragraph 3 of Part VII (<i>Additional Information</i>) of this document;
“Bord Gáis Energy”	Centrica’s Irish energy supply business unit;
“British Gas”	Centrica’s U.K. energy supply business unit;
“Centrica 2021 Interim Results”	Centrica’s interim results for the 6 month period ending 30 June 2021, as published on 22 July 2021;
“Centrica Business Solutions” or “CBS”	Centrica’s “Business Solutions” business unit;
“Centrica Shares”	ordinary shares of 6 ^{14/81} pence each in the capital of the Company;
“Chairman”	the chairman of the Company as at the date of this document;
“Circular”	this document;
“Company” or “Centrica”	Centrica plc, a public limited company incorporated in England and Wales with registered number 03033654, whose registered office is at Millstream, Maidenhead Road, Windsor, Berkshire, SL4 5GD;
“Competition and Markets Authority”	the Competition and Markets Authority of the United Kingdom;
“Completion”	completion of the Sales in accordance with the terms of the Purchase Agreements;
“Continuing Group”	the Company, its Subsidiaries and subsidiary undertakings, excluding the Sale Business and Interests, being the continuing businesses of the Group following the Sales;
“Covenant to Pay Deed”	as defined in paragraph 9.1 of Part VII (<i>Additional Information</i>) of this document;
“CREST Manual”	the rules governing the operation of CREST as published by Euroclear;
“CREST Proxy Instruction”	a proxy appointment or instruction made via CREST, authenticated in accordance with Euroclear’s specifications and containing the information set out in the CREST Manual;

“CSIP”	as defined in paragraph 5.2 of Part VII (<i>Additional Information</i>) of this document;
“CSL”	Centrica Storage Limited, a wholly-owned subsidiary of Centrica which produces and processes gas from the Rough gas field in the southern North Sea;
“Deed of Release”	as defined in paragraph 9.1 of Part VII (<i>Additional Information</i>) of this document;
“Direct Energy”	Centrica’s North America energy supply, services and trading business, comprising Direct Energy U.S. and Direct Energy Canada together with each of their Subsidiaries;
“Direct Energy Canada”	the holding company for Direct Energy’s Canadian business, Direct Energy Marketing Ltd, a company incorporated under the laws of Canada, having its registered address at 25 Sheppard Avenue, Suite 1400, Toronto, ON M2N 6S6, Canada;
“Direct Energy SPA”	as defined in paragraph 9.1 of Part VII (<i>Additional Information</i>) of this document;
“Direct Energy TSA”	the transition services agreement entered into between Centrica and NRG, as further detailed in Part VII (<i>Additional Information</i>);
“Direct Energy U.S.”	the holding company for Direct Energy’s U.S. business, Centrica US Holdings Inc, a company incorporated under the laws of the state of Delaware having its registered address at 1105 North Market Street, Suite 1300, Wilmington DE, 19801 United States;
“Directors”	the directors of the Company at the date of this document, whose details are set out in paragraph 3 of Part VII (<i>Additional Information</i>) of this document and “Director” means any one of them;
“Discharge Date”	as defined in paragraph 9.1 of Part VII (<i>Additional Information</i>) of this document;
“DTRs”	the Disclosure Guidance and Transparency Rules made under Part VI of FSMA (and contained in the FCA’s publication of the same name), as amended from time to time;
“DSAs”	as defined in paragraph 5 of Part I (<i>Letter from the Chairman</i>) of this document;
“E&P”	Centrica’s “Exploration and Production” business unit, comprising CSL and Centrica’s 69 per cent. interest in Spirit Energy;
“EEA” or “Statfjord Norway Purchaser”	Equinor Energy AS, a company organised and incorporated under the laws of Norway with organisation no. 990 888 213, having its registered office at Forusbeen 50, 4035 Stavanger, Norway;
“Equinor”	Equinor ASA, a company organised and incorporated under the laws of Norway with organisation no. 923609016, having its registered office at Forusbeen 50, 4035 Stavanger, Norway;
“Equinor DSA Fields”	as defined in paragraph 4.1 of Part III (<i>Summary of the Principal Terms of the Transaction Documents</i>) of this document;
“EUK” or “Statfjord U.K. Purchaser”	Equinor UK Limited, a company registered in England and Wales with company number 01285743 having its registered office at 1 Kingdom Street, London, W2 6BD;
“Euroclear”	Euroclear U.K. & Ireland Limited, the operator of CREST;
“Executive Directors”	the executive directors of the Company at the date of this document and “Executive Director” means any one of them;
“Existing Debt”	as defined in paragraph (E) of Part VII (<i>Additional Information</i>) of this document;

“Exit DSA”	as defined in paragraph 5 of Part III (<i>Summary of the Principal Terms of the Transaction Documents</i>) of this document;
“FCA” or “Financial Conduct Authority”	the Financial Conduct Authority of the United Kingdom and, where applicable, any successor body or bodies carrying out the functions currently carried out by the Financial Conduct Authority;
“First Longstop Date”	28 February 2022;
“Free Cash Flow”	as defined in paragraph 9.1 of Part VII (<i>Additional Information</i>) of this document;
“FSMA”	the Financial Services and Markets Act 2000, as amended from time to time;
“GBGH”	GB Gas Holdings Limited, a company registered in England and Wales with company number 03186121 having its registered office at Millstream, Maidenhead Road, Windsor, Berkshire, SL4 5GD;
“General Meeting”	the general meeting of Centrica to be held at Heathrow/Windsor Marriott Hotel, Ditton Road, Langley, Slough SL3 8PT at 9.00 a.m. on 13 January 2022, as described in the Notice of General Meeting;
“Group” or “Centrica Group”	Centrica together with its Subsidiaries;
“HitecVision”	HitecVision Advisory AS, a company registered in Norway with company number 989091530 having its registered address at Jättåvågveien 7, NO-4020 Stavanger;
“King’s Lynn SPA”	as defined in paragraph 9.1 of Part VII (<i>Additional Information</i>) of this document;
“Latest Practicable Date”	close of business on 13 December 2021 (being the latest practicable date prior to the publication of this document);
“Listing Rules”	the listing rules made under Part VI of FSMA (and contained in the FCA’s publication of the same name), as amended from time to time;
“LNG”	liquefied natural gas;
“LTIP”	as defined in paragraph 5.2 of Part VII (<i>Additional Information</i>) of this document;
“Lumi”	Lumi AGM UK Limited, a company registered in England and Wales with company number 02592239 having its registered office at Armoury House Ordnance Business Park, Midhurst Road, Liphook, Hampshire, England, GU30 7ZA;
“Net Cash Flow”	as defined in paragraph 1 of Part I (<i>Letter from the Chairman</i>);
“Net Consideration”	as defined in paragraph 5 of Part I (<i>Letter from the Chairman</i>);
“NCS”	Norwegian Continental Shelf;
“New Financial Framework”	the matters set out in the relevant schedule of the Amended SHA;
“NLGP Interest”	SERL’s forty-eight and seventy-eight hundreds of one per cent. (48.78%) participating interest in the NLGP Participants Agreement and corresponding interest in the “NLGP” as defined in the NLGP Participants Agreement (being the Northern Leg Gas Pipeline) and all property owned, leased or otherwise provided pursuant to the NLGP Participants Agreement;
“NLGP Participants Agreement”	the Northern Leg Gas Pipeline Participants Agreement dated 23 December 1981;

“Non-Executive Directors”	the non-executive directors of the Company at the date of this document (including, for the avoidance of doubt, the Chairman) and “Non-Executive Director” means any one of them;
“Norwegian Business”	SEN’s business and interests on the Norwegian Continental Shelf, other than those relating to the Statfjord field;
“Norwegian Business Purchase Agreement”	the purchase agreement between SEN, Spirit Energy, Sval and Sval Energi Invest AS, as described in paragraph 1 of Part III (<i>Summary of the Principal Terms of the Transaction Documents</i>) of this document;
“Norwegian Business Purchaser” or “Sval”	Sval Energi AS, a company organised and incorporated under the laws of Norway with organisation no. 996 888 177, having its registered office at Building C, 3rd floor, Jättåvågveien 7 4020 Stavanger, Norway;
“Norwegian Business Sale”	the proposed sale of the Norwegian Business on the terms set out in the Norwegian Business Purchase Agreement;
“Norwegian Business Seller”, “Statfjord Norway Seller” or “SEN”	Spirit Energy Norway AS, a company organised and incorporated under the laws of Norway, with organisation no. 919 603 771, having its registered office at Veritasveien 29, 4007 Stavanger, Norway;
“Norwegian State PCG”	as defined in paragraph 1.7 of Part II (<i>Risk Factors</i>) of this document;
“NOROG Template”	as defined in paragraph 2.7 of Part III (<i>Summary of the Principal Terms of the Transaction Documents</i>);
“Notice of General Meeting”	the notice of the General Meeting which is set out at the end of this document;
“NRG”	NRG Energy, Inc., a company incorporated under the laws of New Jersey having its registered office at 804 Carnegie Center, Princeton, NK 08540, United States;
“Nuclear”	Centrica’s “Nuclear” business unit, comprising its 20 per cent. interest in EDF Energy’s operating nuclear power generation fleet in the U.K.;
“Ofgem”	the Office of Gas and Electricity Markets of the United Kingdom;
“OGA”	the Oil and Gas Authority, as defined at paragraph (A) of Part III (<i>Summary of the Principal Terms of the Transaction Documents</i>);
“OTIP”	as defined in paragraph 5.2 of Part VII (<i>Additional Information</i>) of this document;
“Pension Schemes” or “Schemes”	the Centrica Pension Plan, the Centrica Pension Scheme and the Centrica Engineers Pension Scheme;
“Pension Trustees”	as defined in paragraph 9.1 of Part VII (<i>Additional Information</i>) of this document;
“Petroleum Resources Management System” or “PRMS”	the SPE 2018 Petroleum Resources Management System (as defined by the Society of Petroleum Engineers, American Association of Petroleum Geologists, World Petroleum Council and the Society of Petroleum Evaluation Engineers);
“Prospectus Delegated Regulation”	as defined in Section B of Part V (<i>Unaudited Pro Forma Financial Information of the Continuing Group</i>) of this document;
“Proxy/Voting Form”	the form of proxy enclosed with this document, for use by Shareholders in connection with the General Meeting;
“Proximity”	Proximity Proxy Voting, an online investor communication platform that manages the direct transmission of meeting information and voting instructions between issuers with their institutional investors;
“Purchase Agreements”	the Norwegian Business Purchase Agreement, the Statfjord Norway Purchase Agreement and the Statfjord U.K. Purchase Agreement;

“Purchasers”	the Norwegian Business Purchaser, the Statfjord Norway Purchaser and the Statfjord U.K. Purchaser;
“Put Option”	the right that SWM and BE/PB have, pursuant to the Amended SHA, to require GBGH to acquire SWM Group’s shares in Spirit Energy in certain specific circumstances, as further described in paragraph 6(D) of Part III (<i>Summary of the Principal Terms of the Transaction Documents</i>);
“Registrar” or “Equiniti”	Equiniti Limited, a limited company incorporated in England and Wales with registered number 06226088, whose registered office is at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA;
“Regulatory Information Service”	one of the regulatory information services authorised by the FCA to receive, process and disseminate regulatory information from listed companies;
“Relevant Day”	as defined in paragraph 5 of Part I (<i>Letter from the Chairman</i>) of this document;
“Relevant Period”	as defined in paragraph 5 of Part I (<i>Letter from the Chairman</i>) of this document;
“Remuneration Committee”	the Board’s remuneration committee;
“Resolution”	the ordinary resolution of the Company seeking approval for the Transaction at the General Meeting, as set out in the Notice of General Meeting;
“RSS”	as defined in paragraph 5.2 of Part VII (<i>Additional Information</i>) of this document;
“RWE”	as defined in paragraph 9.1 of Part VII (<i>Additional Information</i>) of this document;
“Sales”	the Norwegian Business Sale, the Statfjord Norway Sale and the Statfjord U.K. Sale;
“Sale Business and Interests”	the Norwegian Business, Statfjord Norway Interests and Statfjord U.K. Interests;
“SAYE” or “Sharesave Scheme”	as defined in paragraph 5.2 of Part VII (<i>Additional Information</i>) of this document;
“Second Longstop Date”	29 April 2022;
“Sellers”	Norwegian Business Seller and Statfjord U.K. Seller or SEN and SERL;
“SHA”	the Spirit Energy shareholders’ agreement between GBGH, BE/PB, SWM and Spirit Energy entered into on 8 December 2017 as amended and restated on 31 December 2018;
“Shareholder(s)”	holders of Centrica Shares;
“Side Letter”	as defined in paragraph 9.1 of Part VII (<i>Additional Information</i>) of this document;
“SIP”	as defined in paragraph 5.2 of Part VII (<i>Additional Information</i>) of this document;
“Spirit Energy”	Spirit Energy Limited, the full-cycle exploration and production business formed as a joint venture between Centrica and SWM Group in 2017, with a portfolio of offshore gas and oil assets in Norway, U.K. and the Netherlands and in which Centrica has a 69 per cent. controlling interest;
“Spirit Energy Group”	means Spirit Energy and its Subsidiaries from time to time;
“Statfjord Norway Interests”	SEN’s participating interests in production licence 037, the Statfjord Unit, the Statfjord Øst Unit and the Sygna Unit (including the Statfjord,

	Statfjord Øst, Statfjord Nord and Sygna fields) on the Norwegian Continental Shelf;
“Statfjord Norway Purchase Agreement”	the purchase agreement between SEN and EEA, as described in paragraph 2 of Part III (<i>Summary of the Principal Terms of the Transaction Documents</i>) of this document;
“Statfjord Norway Sale”	the proposed sale of the Statfjord Norway Interests on the terms set out in the Statfjord Norway Purchase Agreement;
“Statfjord U.K. Interests”	SERL’s participating interests in production licence P104 (blocks 211/24b and 211/25a (sub-area B (excluding Statfjord Field) (B-RST) and sub-area B (Statfjord Field) (B-STA)), P293 (block 211/25b) and P.2460 (blocks 211/29f and 211/30c), together with the NLGP Interest;
“Statfjord U.K. Purchase Agreement”	the purchase agreement between SERL and EUK as described in paragraph 3 of Part III (<i>Summary of the Principal Terms of the Transaction Documents</i>) of this document;
“Statfjord U.K. Sale”	the proposed sale of the Statfjord U.K. Interests on the terms set out in the Statfjord U.K. Purchase Agreement;
“Statfjord U.K. Seller” or “SERL”	Spirit Energy Resources Limited, a company registered in England and Wales with company number 02855151 having its registered office at 1st Floor 20 Kingston Road, Staines-Upon-Thames, England, TW18 4LG;
“Subsidiary” or “Subsidiaries”	has the meaning given in section 1159 of the Companies Act 2006;
“SWM”	SWM Gasbeteiligungs GmbH, whose business address is Emmy-Noether-Strasse 2, 80992 Munich, Germany, registered with the commercial register of the local court of Munich under HRB 243218 and which was formerly SWM Gasbeteiligungs GmbH & Co. KG with company number HRA 96032;
“SWM Group”	SWM and BE/PB;
“Tax Indemnity”	as defined in paragraph 1.6 of Part III (<i>Summary of the Principal Terms of the Transaction Documents</i>) of this document;
“The Pensions Regulator”	the regulator of work-based pension schemes in the U.K.;
“Third Longstop Date”	30 June 2022;
“Transaction”	the Sales and the entry into the Amended SHA (including the Put Option);
“Transaction Documents”	the Purchase Agreements, the Norwegian Business DSA, the Equinor DSA and the Amended SHA;
“Unaudited Pro Forma Financial Information”	as defined in Section A of Part V (<i>Unaudited Pro Forma Financial Information of the Continuing Group</i>) of this document;
“United Kingdom” or “U.K.”	the United Kingdom of Great Britain and Northern Ireland;
“United States” or “U.S.”	the United States of America;
“Virtual Meeting Guide”	the guide prepared by Lumi explaining how Shareholders can electronically participate in the General Meeting; and
“W&I Insurance Policy”	the warranty and indemnity insurance policy between the insurer named thereunder and the Norwegian Business Purchaser dated on or around the date of the Norwegian Business Purchase Agreement to cover certain losses arising in relation to breaches of certain of SEN’s warranties under such agreement (other than in respect of claims for fraud or wilful misconduct or in respect of fundamental warranties or certain tax warranties that are uninsurable in the W&I insurance market).

CENTRICA PLC

(registered in England and Wales with registered number 03033654)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a **GENERAL MEETING** of Centrica plc (the “**Company**”) will be held at Heathrow/Windsor Marriott Hotel, Ditton Road, Langley, Slough SL3 8PT at 9.00 a.m. on 13 January 2022, for the purposes of considering and, if thought fit, passing the following resolution which will be proposed as an ordinary resolution.

For the purposes of this resolution, capitalised terms used but not defined herein shall (unless the context otherwise requires) have the meaning ascribed to them in the Company’s Circular to Shareholders dated 16 December 2021, of which this notice forms part.

ORDINARY RESOLUTION

THAT the Transaction, including the proposed sale of the Sale Business and Interests, as described in the Circular, on the terms and subject to the conditions contained in the Purchase Agreements, the terms of the Amended SHA as described in the Circular and various associated and ancillary documents be and are hereby approved, and that the Directors of the Company (or a committee of the Directors or other duly authorised person) be and are hereby authorised to:

1. take all such steps, execute all such agreements, and make all such arrangements as may seem to them necessary, expedient or desirable for the purpose of giving effect to, or otherwise in connection with, this Resolution, the Transaction, the Purchase Agreements, the Amended SHA and/or the associated and ancillary documents relating thereto; and
2. agree and make such modification, variations, revisions, waivers and/or amendments in relation to any of the foregoing (provided that such modifications, variations, revisions, waivers or amendments are not material for the purposes of Listing Rule 10.5.2) as they may in their absolute discretion deem necessary, expedient or desirable.

By order of the Board

Raj Roy

Group General Counsel & Company Secretary
16 December 2021

Registered office

Centrica plc
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Notes to the Notice of General Meeting

The following notes explain your general rights as a member and your right to attend and vote at the General Meeting or to appoint someone else to vote on your behalf.

What is my entitlement to vote?

The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 and section 311 of the Companies Act 2006, specifies that only those Shareholders listed on the Register of Shareholders as at 6.30 p.m. on 11 January 2022 (or, if the General Meeting is adjourned, 6.30 p.m. on the date two working days before the time fixed for the adjourned General Meeting) shall be entitled to vote at the General Meeting in respect of the number of shares registered in their name at that time. In each case, changes to entries on the Register of Shareholders after such time shall be disregarded in determining the rights of any person to vote at the General Meeting.

How can Shareholders attend the General Meeting?

As at the Latest Practicable Date, public health guidance and legislation issued by the U.K. Government in relation to the COVID-19 pandemic would permit public gatherings and travel at the date of the General Meeting and therefore Shareholders are able to attend in person.

Centrica will continue to monitor the developing impact of COVID-19, including any changes to the applicable law or guidance from the U.K. Government. Should it become necessary or appropriate to revise the current arrangements for the General Meeting, Centrica will notify Shareholders via its website and (where appropriate) via a Regulatory Information Service. Shareholders are therefore encouraged to check Centrica's website and the latest U.K. Government guidance before finalising their travel arrangements to attend the General Meeting in person.

Although attendance in person at the General Meeting is possible, in order to minimise the public health risks from public gatherings and travel because of the COVID-19 pandemic, refreshments will not be served, and Directors will not be available to meet with Shareholders, before or after the General Meeting. Shareholders are strongly encouraged to appoint the chairman of the General Meeting as their proxy and to give their instructions on how they wish the chairman of the General Meeting to vote on the Resolution on their behalf.

Shareholders and their duly appointed representatives and/or proxies are also able to participate remotely via live webcast which is accessible by logging on to web.lumiagm.com. The Virtual Meeting Guide, which is available on Centrica's website at <https://www.centrica.com/GMJ22>, contains further information on the electronic elements of the General Meeting, includes instructions on how to join the meeting and submit votes on the day along with the relevant contact details if you encounter any issues.

How do I appoint a proxy?

We strongly urge Shareholders to vote by proxy on the Resolution as early as possible, and the Board recommends that Shareholders appoint the chairman of the General Meeting as their proxy. You can do this, and submit voting instructions, in any of the following manners:

- by logging on to sharevote.co.uk;
- via CREST;
- via the Proxymity platform at www.proxymity.io; or
- by completing and returning the paper Proxy/Voting Form if one has been sent to you. Please read the instructions carefully to ensure you have completed and signed the form correctly. Any alterations must be initialled.

Unless you own a share jointly, if you return more than one proxy appointment relating to the same share within your holding, either by paper or electronic communication, that which is received last by the Company's Registrar before the latest time for the receipt of proxies will take priority. If a paper communication and an online communication are received on the same day, the online communication will be followed.

Where you own shares jointly, any one Shareholder may sign the Proxy/Voting Form. If more than one joint holder submits a card, the instructions given by the first listed holder on the Register of Shareholders will prevail.

By when do I have to submit my proxy appointment?

The Proxy/Voting Form and, where applicable, the original or duly certified copy (by a notary or in some other way approved by the Directors, or an office copy) of the power of attorney or other authority (if any) under which it is signed or authenticated, should be: (a) deposited by post or (during normal business hours only) by hand with the Company's Registrar at the address shown on the Proxy/Voting Form or received via sharevote.co.uk, no later than 9.00 a.m. on 11 January 2022, or 48 hours (excluding non-working days) before the time for holding any adjourned General Meeting or (in the case of a poll not taken on the same day as the General Meeting or adjourned General Meeting) for the taking of the poll at which it is to be used; or (b) lodged using the CREST proxy voting service.

Please note that if you are returning a Proxy/Voting Form in respect of shares held in FlexiShare or the Share Incentive Plan this must be received by the Company's Registrar by no later than 9.00 a.m. on 10 January 2022.

I am a CREST member—can I use the CREST system to vote?

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service for the General Meeting or any adjournment may do so by using the procedures described in the CREST Manual available via euroclear.com. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear's specification, and must contain the information required for such instruction, as described in the CREST Manual.

The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid for the General Meeting and any adjournment(s) thereof, be transmitted so as to be received by the Company's Registrar, Equiniti (ID RA19), no later than 9.00 a.m. on 11 January 2022 or, if the General Meeting is adjourned, 48 hours (excluding non-working days) before the time fixed for the adjourned General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which Equiniti is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors, or voting service providers, should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. The submission of any CREST Proxy Instruction will not prevent you as a Shareholder from attending the General Meeting and voting in person.

If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by

9.00 a.m. on 11 January 2022 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

I am a Nominated Person—how can I vote?

Any person to whom this General Meeting notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") may, under an agreement between themselves and the Shareholder by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights.

The statement of the rights of Shareholders in relation to the appointment of proxies set out on pages 73 to 75 does not apply to Nominated Persons. The rights described in these notes can only be exercised by a member of the Company.

How do I appoint a corporate representative?

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that, if two or more representatives purport to vote in respect of the same shares:

- (a) if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way; and
- (b) in other cases, the power is treated as not exercised.

Where a single corporate member appoints multiple corporate representatives to exercise powers over different shares, those same corporate representatives may vote differently from one another in relation to any particular resolution.

Can I ask a question at the General Meeting?

Shareholders' views are important to us and the Company strongly encourages Shareholders to submit any questions they would like to have answered at the General Meeting in advance through a dedicated facility on our website at <https://www.centrica.com/GMJ22>, so as to be received no later than 6.30 p.m. on 10 January 2022. You will also be able to submit questions during the General Meeting, either in person or via web.lumiagm.com. The Company must cause to be answered any such questions relating to the business being dealt with at the meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered. All questions will be read and answered at the General Meeting. If questions cannot be answered at the meeting (for example, due to time constraints), answers will be published on our website as soon as practicable following the General Meeting.

When will the General Meeting results be published?

It is expected that the total of the votes cast by Shareholders for or against or withheld on the resolution will be announced via a Regulatory Information Service and published at <https://www.centrica.com/GMJ22> on 13 January 2022.

What is the Company's number of issued shares and total voting rights?

As at 13 December 2021, the Company's issued ordinary share capital consists of 5,881,438,431 ordinary shares which carry one vote each. The total voting rights in the Company as at 13 December 2021 are 5,881,438,431 ordinary shares. No shares are currently held in treasury.

