

Group Chief Financial Officer's report



Russell O'Brien

Group Chief Financial Officer

Financial overview

The Group's adjusted EBITDA was £1,417m in 2025 (2024: £2,305m), adjusted operating profit was £814m (2024: £1,552m), and statutory operating profit was £106m (2024: £1,703m).

For more information on business unit performance, see pages 24 to 29.

Adjusted basic EPS of 11.2p (2024: 19.0p) also includes lower net interest income as we invested and returned capital to shareholders, although benefitted from a lower share count. Statutory basic EPS was a 1.5p loss (2024: 25.7p profit) and includes a £708m loss on exceptional items and certain re-measurements (2024: £151m profit), with £508m of impairments largely across our late-life gas field assets and investment in Nuclear (excluding Sizewell C).

Free cash flow (FCF) was a £167m outflow (2024: £989m inflow), which includes the impact of a significant increase in capital expenditure to £1,227m (2024: £564m).

The Group returned £1,064m (2024: £718m) to shareholders in the year, £827m through share buybacks and £237m through dividend payments (2024: £499m and £219m respectively), and ended the year with closing adjusted net cash of £1,487m (2024: £2,858m).

The reconciliation between statutory gross debt and adjusted net cash is shown in note 25.

Adjusted EBITDA, operating profit, earnings and dividend

Year ended 31 December (£m)	Notes	2025			2024		
		Business performance	Exceptional items and certain re-measurements	Results for the year	Business performance	Exceptional items and certain re-measurements	Results for the year
Adjusted EBITDA		1,417			2,305		
Group operating profit/(loss)	4(c)	814	(708)	106	1,552	151	1,703
Net finance income/(cost)	8	6	—	6	44	(68)	(24)
Taxation on profit/(loss)	9	(265)	102	(163)	(553)	239	(314)
Profit/(loss) for the year		555	(606)	(51)	1,043	322	1,365
Less: (Profit)/loss attributable to non-controlling interests		(21)	—	(21)	(59)	26	(33)
Earnings attributable to shareholders		534	(606)	(72)	984	348	1,332
Basic earnings per share	10	11.2p	(12.7p)	(1.5p)	19.0p	6.7p	25.7p
Full year dividend per share	11			5.5p			4.5p

Revenue

Total Group revenue included in business performance, which includes revenue arising on contracts in scope of IFRS 9, decreased by 9% to £22,365m (2024: £24,636m). This was largely driven by the impact of lower commodity prices, and lower seasonal gas price spreads.

Gross segment revenue, which includes revenue generated from the sale of products and services between segments, decreased by 8% to £24,563m (2024: £26,573m). Total statutory Group revenue decreased by 2% to £19,492m (2024: £19,913m).

A table reconciling the different revenue measures is included in note 4(b) of the accounts.

Exceptional items and certain re-measurements included within operating profit

Year ended 31 December (£m)	2025	2024
Certain re-measurements	(303)	279
Exceptional items	(405)	(128)
Exceptional items and certain re-measurements	(708)	151

The Group operating profit in the statutory results includes a net pre-tax loss of £303m (2024: £279m gain) relating to re-measurements, comprising of:

- A net loss of £345m on the re-measurement of derivative energy contracts predominantly due to a loss on delivery of contracts of £299m, together with net unrealised mark-to-market derivative losses of £46m from market price movements on existing and new contracts; and
- A net gain of £42m relating to a credit from the movement in the onerous LNG contracts position, partially offset by a debit relating to the movement in the onerous energy supply contract provision associated with the acquisition of AvantiGas ON Limited in 2022.

Further details can be found in note 7(a) to the accounts.

An exceptional pre-tax cost of £405m was recognised within the statutory Group operating profit in 2025 (2024: £128m) made up of:

- A £264m impairment of our power assets (2024: £75m), predominantly driven by a £251m impairment of our Nuclear investment (excluding Sizewell C) as a result of the reduction in both forecast and actual power prices, along with an increase to operating and capital expenditure assumptions, partially offset by life extensions at two stations;
- A £244m impairment of our gas field assets (2024: £nil) as a result of an update to the cessation of production date associated with the Morecambe field, together with changes to the discount rate assumptions used in the valuation model, along with an impairment of gas field assets included in the disposal group being sold to Serica Energy plc;
- An £80m gain on the disposal of our interest in the Cygnus gas field to Ithaca Energy; and
- A £23m credit (2024: £53m charge) relating to a decrease in legacy contract cost provisions for business activity that ceased a number of years ago, predominantly related to construction services.

Further details on exceptional items, including on impairment accounting policy, process and sensitivities, can be found in notes 7(b) and 7(c) to the accounts.

Net finance income

Net finance income on business performance was £6m (2024: £44m), reflecting a decrease in interest income from lower cash balances held during the year alongside lower UK interest rates, partially offset by a reduction in financing costs on bonds and bank loans. There were no exceptional financing items in the period (2024: £68m cost).

Taxation and adjusted effective tax rate

Business performance taxation on profit decreased to £265m (2024: £553m), reflecting lower Group operating profit. This excludes tax on joint ventures and associates. After taking account of our share of tax on joint ventures and associates, the adjusted tax charge was £322m (2024: £671m).

The resultant adjusted effective tax rate for the Group was 37% (2024: 39%), with a lower proportion of profits coming from highly taxed Infrastructure activities. The adjusted effective tax rate calculation is shown below:

Year ended 31 December (£m)	2025	2024
Adjusted operating profit	814	1,552
Add: JV/associate taxation included in adjusted operating profit	57	118
Net finance income	6	44
Adjusted profit before taxation	877	1,714
Taxation on profit	(265)	(553)
Share of JV/associate taxation	(57)	(118)
Adjusted tax charge	(322)	(671)
Adjusted effective tax rate (including JV/associate)	37%	39%

A charge totalling £19m (2024: £166m) related to the Electricity Generator Levy is included in the Group's cost of sales and in our share of the operating profits of joint venture and associates.

The Levy is not an income tax and is not deductible for corporation tax purposes. If this had been treated as a tax, the Group's adjusted effective tax rate would have been 38% (2024: 45%). To the end of 2025, since coming into effect on 1 January 2023, a total charge of £511m has been recognised in the Group's cost of sales and in our share of the operating profits of joint venture and associates relating to the Electricity Generator Levy. Please see note 3(b) for more details.

Total certain re-measurements and exceptional items generated a taxation credit of £102m (2024: £239m), which when included with taxation on business performance generated a total taxation charge of £163m (2024: £314m).

See notes 3(b), 7(a), 7(b) and 9 for more details.

Group earnings

Profit for the year from business performance after taxation was £555m (2024: £1,043m) driven by the movements outlined above. After adjusting for non-controlling interests relating to Spirit Energy, adjusted earnings were £534m (2024: £984m).

Adjusted basic EPS was 11.2p (2024: 19.0p), which also includes the impact of a lower weighted average number of shares than in 2024, as a result of the share buyback programme.

After including exceptional items and certain re-measurements, including those attributable to non-controlling interests, the statutory loss attributable to shareholders for the period was £72m (2024: £1,332m profit).

The Group reported a statutory basic EPS loss of 1.5p (2024: 25.7p profit).

Dividend

In addition to the interim dividend of 1.83p per share, the proposed final dividend is 3.67p per share, giving a total full year dividend of 5.5p per share (2024: 4.5p per share).

The cash paid to Centrica shareholders in dividends in 2025 was £237m (2024: £219m), made up of the 3.0p per share final 2024 dividend and the 1.83p per share interim 2025 dividend.

Group cash flow, net cash and balance sheet

Group cash flow

Free cash flow (FCF) is the Group's primary measure of cash flow as management believe it provides relevant information to show the cash generation after taking account of the need to maintain the Group's capital asset base. FCF was an outflow of £167m (2024: £989m inflow). See explanatory notes on page 249 for further details and a reconciliation between statutory cash flow from operating and investing activities to FCF.

Year ended 31 December (£m)	2025	2024
Adjusted EBITDA excluding share of EBITDA from joint ventures and associates ⁽ⁱ⁾	1,095	1,792
Dividends received	135	355
Tax paid	(375)	(636)
Working capital	183	124
Decommissioning spend	(71)	(80)
Capital expenditure ⁽ⁱⁱ⁾	(1,227)	(564)
Disposals	131	4
Exceptional cash flows	(38)	(6)
Free cash flow	(167)	989
Net interest	46	34
Pension deficit payments	(150)	(176)
Movements in margin cash ⁽ⁱⁱⁱ⁾	51	131
Share buyback programme	(827)	(499)
Dividends – Centrica shareholders	(237)	(219)
Other cash flows affecting net debt ^(iv)	(9)	(76)
Adjusted cash flow affecting net cash	(1,293)	184
Opening net cash (as at 1 January)	2,858	2,744
Adjusted cash flow movements	(1,293)	184
Non-cash movements ^(v)	(78)	(70)
Closing adjusted net cash	1,487	2,858

(i) Excludes Centrica's share of JV and associate EBITDA of £322m (2024: £513m).

(ii) Capital expenditure is the net cash flow on capital expenditure, purchases of businesses, assets and other investments, and investments in joint ventures and associates. See page 250 for more information.

(iii) Net margin cash posted as at 31 December 2025 was £61m (31 December 2024: £105m).

(iv) 2024 includes £(68)m relating to exceptional financing costs in relation to debt repurchase and refinancing activities.

(v) 2025 non-cash movements includes £(100)m relating to new leases and the re-measurements of existing leases (2024: £(53)m) and £19m of leases transferred to held for sale relating to Spirit Energy.

The net inflow of working capital was £183m (2024: £124m) mainly driven by inflows in Infrastructure of £361m predominately relating to the release of working capital following the pausing of storage activities at Rough, and inflows in Optimisation of £194m driven by lower storage activity. This was partially offset by an outflow in Retail of £451m driven

largely by Home Energy Supply as a result of lower commodity prices leading to a reassessment of direct debits and utilisation of credit balances by customers.

The collateral and margin cash inflow was £51m (2024: £131m).

Net investment

The net investment outflow for the period was £1,096m (2024: £560m). Within this, capital expenditure of £1,227m (2024: £564m) was predominantly driven by investments in Infrastructure, principally Sizewell C and flexible and renewable generation assets in Power, Grain LNG in Gas and the MAP in Customer Assets.

Net disposals of £131m (2024: £4m) related predominantly to the sale of a 46.25% Spirit Energy interest in the Cygnus gas field which completed in October 2025.

The table below provides a summary of total Group net investment by operating segment, which management uses to provide a measure of the Group's capital expenditure from a cash perspective, and a reconciliation of this measure to capital expenditure disclosed in note 4(e).

Year ended 31 December (£m)	2025	2024
Retail	(68)	(126)
Optimisation	(28)	(39)
Infrastructure	(1,134)	(388)
Of which: Sizewell C	(387)	–
Of which: Grain LNG	(208)	–
Of which: MAP	(271)	(104)
MAP consolidation adjustment ⁽ⁱ⁾	47	19
Other	(44)	(30)
Capital expenditure	(1,227)	(564)
Net disposals	131	4
Total Group net investment	(1,096)	(560)
Add back:		
Capitalised borrowing costs	(17)	(11)
Inception of new leases and movements in payables and prepayments related to capital expenditure	(97)	(63)
Purchases of emissions allowances and renewable obligation certificates	(890)	(856)
Capital expenditure cash outflow subsequent to transfer to held for sale	15	–
Deduct:		
Net disposals	(131)	(4)
Purchase of businesses and assets, net of cash acquired	22	92
Investment in joint ventures and associates	609	–
Net purchase of other investments	42	56
Total Group capital expenditure (per note 4(e))	(1,543)	(1,346)

(i) The MAP consolidation adjustment reduces the capital expenditure recognised in the MAP for the internal margin and indirect costs on smart meter installation across the Group.

Group adjusted net cash

Accordingly, the Group's adjusted net cash position as at 31 December 2025 was £1,487m, compared to £2,858m on 31 December 2024. The breakdown of adjusted net cash is shown below:

Year ended 31 December (£m)	2025	2024
Current and non-current borrowings, leases and interest accruals	(2,821)	(2,867)
Derivatives	(71)	(107)
Gross debt	(2,892)	(2,974)
Cash and cash equivalents, net of bank overdrafts	4,272	5,693
Current and non-current securities	107	139
Adjusted net cash	1,487	2,858

Further details on the Group's sources of finance and net cash are included in note 25.

Statutory cash flow

Year ended 31 December (£m)	2025	2024
Statutory cash flow from operating activities	695	1,149
Statutory cash flow from investing activities	(690)	493
Statutory cash flow from financing activities	(1,397)	(1,548)
Movement in cash and cash equivalents	(1,392)	94

Net cash inflow from operating activities decreased to £695m (2024: £1,149m), reflecting the impact of lower adjusted EBITDA partially offset by lower tax paid.

Net cash outflow from investing activities was £690m (2024: £493m inflow). Within this, interest received decreased to £227m (2024: £317m) reflecting the lower interest rate environment and lower average cash balances, while dividends from our Nuclear associate decreased to £135m (2024: £355m). Capital expenditure increased to £1,227m (2024: £564m) as outlined above. This was partially offset by inflows from net disposals of £131m (2024: £4m).

Net cash outflow from financing activities was £1,397m (2024: £1,548m). Within this there was a net outflow on borrowings of £143m (2024: £539m) while financing interest paid reduced to £181m (2024: £283m) given lower interest rates. Cash distributions to equity shareholders were £827m (2024: £499m) through the Group's share buyback programme, and £237m (2024: £219m) related to ordinary dividend payments.

Pension deficit

The Group's IAS 19 net pension deficit was £295m at the year-end, compared with a £21m deficit at 31 December 2024, driven by lower than projected returns on the schemes' growth assets, and updates to member experiences and liability profile calculations following completion of the triennial review, which is usual practice. Partially offsetting these impacts was the net impact of changes in market rates and deficit payments.

The technical provisions deficit is used to determine the agreed level of cash contributions into the schemes. In February 2025, we reached agreement with the pension trustees on a March 2024 technical provisions deficit of £504m, with annual deficit contributions of around £150m in 2026 and £140m in 2027. On a roll-forward basis using the same methodology, consequent assumptions and contributions paid, the technical provision

deficit would be around £300m at 31 December 2025 (31 December 2024: £450m). Further details on post-retirement benefits are included in note 22.

Decommissioning liabilities

The decommissioning provision of £1,302m (2024: £1,459m) is predominantly the estimated pre-tax net present cost of decommissioning gas production facilities at the end of their useful lives, based on 2P reserves, price levels, and technology at the balance sheet date. As at 31 December 2025 the provision balance was £961m for Spirit Energy, £321m in relation to the Rough field and £20m in the remainder of the business. Included within this is a reduction of £85m relating to the completed Spirit Energy disposal of a 46.25% interest in the Cygnus gas field, alongside a further £44m relating to the subsequent disposal agreed in December 2025 which remained held for sale at the year-end date. See note 12 for further details. The provisions are held gross of tax, with a corresponding deferred tax asset of £536m (2024: £605m).

Further details on decommissioning provisions are included in notes 3 and 21.

Balance sheet

Net assets decreased to £3,496m (2024: £4,812m), predominantly driven by the impact of items reported in equity, including a £770m reduction from the share buyback programme and £237m of dividends paid to shareholders, as well as an other comprehensive loss of £312m (2024: £120m) largely driven by an actuarial loss on pensions predominantly as a result of the experience loss in the IAS 19 position on fully reconciling to triennial review data.

Acquisitions, disposals and disposal groups classified as held for sale

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

On 20 May 2025 the Group announced that it had agreed to sell part of Spirit Energy's interest in the Cygnus gas field, reducing its interest from 61.25% to 15%, to a subsidiary of Ithaca Energy plc for a headline consideration of £116m, alongside the transfer of £85m decommissioning liabilities. The sale has a commercial effective date of 1 January 2025 and the headline consideration has been increased by the net cash flows generated by the disposal group since this date. The sale completed and control passed on 1 October 2025 for a final consideration of £123m.

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

On 23 December 2025 the Group signed a sale and purchase agreement to dispose of Centrica Business Solutions Italia Srl and Centrica Business Solutions B.V. to Joulz B.V. for a headline consideration of €90m, with completion occurring in early February 2026. Further details on assets purchased, acquisitions and disposals are included in note 12.

Events after the balance sheet date

Details of events after the balance sheet date are described in note 27.

Risks and capital management

The Group maintains a stable overall risk profile, underpinned by a robust risk management framework, including the monitoring of key risk indicators and risk evolution against risk appetites.

The Group undertakes an annual review of its principal risks to ensure continued strategic alignment and relevance. While areas of focus have evolved, the overall nature of the Group's principal risks remain broadly stable and consistent with prior disclosures.

The external environment remains complex and volatile with geopolitical tensions, state-affiliated cyber-threats, and ongoing policy uncertainty influencing supply chain and operational resilience risks. In response, the Group is intensifying supplier oversight, cyber resilience, and pursuing diversification strategies to mitigate concentration and dependency risks.

We continue to have a strong liquidity position, underpinned by ~£5bn of committed liquidity from relationship banks, with us having successfully exercised extension options in our committed liquidity facilities during the year.

Strategic capital deployment has accelerated, reflecting good progress on our long-term growth initiatives. Major investments include Sizewell C, a partnership stake in the Isle of Grain LNG terminal, and a new partnership with X-energy to deliver the UK's first advanced modular nuclear reactors; investments which enhance UK energy security. However, CES+ and Spirit continue to navigate complex strategic transitions, with dependencies on government support mechanisms to underpin future investment in the energy transition. Further, whilst inherent exposure to commodity price fluctuations and changes in demand continue to be effectively managed, the unpredictable regulatory and political outlook, including debate over net zero policy and targets, is impacting trading dynamics. The Group is actively monitoring these changes while advancing geographic diversification, including Centrica Energy's expansion into North America.

Economic headwinds and competitive pressures continue to challenge customer retention, however renewed customer focus is being driven by Centrica's new Home and Business organisational units. The Group is enhancing mitigation strategies to support vulnerable customers and ensure regulatory compliance, while accelerating technology transformation. Investments in AI and a Single Customer View platform aim to improve customer experience, maintain stable asset and health and safety risk profiles, and strengthen cyber resilience amid increasingly sophisticated threats.

Details of how the Group has managed financial risks such as liquidity and credit risk are set out in note S3. Details of the Group's capital management processes are provided under sources of finance in note 25.

Accounting policies

The Group's accounting policies and specific accounting measures, including changes of accounting presentation, selected key sources of estimation uncertainty and critical accounting judgements, are explained in notes 1, 2 and 3.

Russell O'Brien, Group Chief Financial Officer

18 February 2026