

Chair's statement



Kevin O'Byrne

Chair



In a fast-changing environment, we remain focused on delivering for our customers and colleagues, creating sustainable value for our shareholders while contributing to a fair UK energy transition.

The past 12 months were marked by significant challenges and opportunities. Throughout, Centrica has remained steadfast in its commitment to supporting customers and colleagues, delivering resilient performance in a challenging environment, executing our strategy and delivering for shareholders. This Annual Report sets out how we are building a strong, responsible business, one that is well positioned to lead in a rapidly changing world.

Supporting our customers

Despite some of the pressures easing on energy bills, your Board remains committed to supporting customers through challenging times. The cost of living pressures and concerns around energy security continue to test households and businesses alike.

I'm proud of how we've supported those who need it most, especially through our £140m energy support package, which we launched in 2022, and is the UK and Ireland's largest voluntary energy sector initiative. We continue to find innovative ways to support our customers, including our pioneering 'You Pay: We Pay' programme, which matches payments made by customers in or at risk of fuel poverty.

Through our energy support package alongside our wider support, we also strengthened our partnership with the British Gas Energy Trust, enabling it to expand grants and provide accessible community-based energy advice. Over 2024–25, the Trust helped 72,000 people and distributed £14.3m in grants to help

households and organisations across Britain tackle energy debt, receive guidance and restore financial stability.

These actions provide vital support to those most in need and demonstrate our commitment to fairness and responsibility, strengthening the trust placed in us across our customer base.

Unsurprisingly, trust is one of the key factors in why consumers choose their energy supplier, and I am pleased that our customer trust and satisfaction scores have shown marked improvement, reflecting the positive impact of our efforts across all our brands. Our British Gas Trustpilot score is at its highest level at 4.4, reflecting increased investment in customer service training, the rollout of digital tools that make energy management easier, and our single-minded brand positioning around reliability. This will remain an area of continued focus for your Board.

A more coordinated approach to managing customer debt is needed

While our internal initiatives have strengthened our approach to managing debt, retail bad debt remains a significant focus, increasing to £418m this year from £369m in 2024. More broadly, managing consumer debt across the wider energy sector demands a more coordinated and pragmatic approach that reflects the scale and complexity of the challenge. Rising arrears, now exceeding £4bn industrywide, underscores the need for solutions that go beyond short-term relief and tackle structural issues such as affordability, data-sharing and support for vulnerable households. A coherent strategy should unite government, suppliers, regulators and stakeholders around interventions that prevent debt accumulation, enable data sharing to facilitate fair recovery and protect those most at risk. This is not simply about balancing books; it is about sustaining financial stability across the market while ensuring households can meet essential energy needs without falling into a cycle of unmanageable debt.

Creating the best environment for colleagues

Ensuring our colleagues are supported and engaged remains a strategic priority for the Company and your Board. Over the past year, we have continued to invest in our award-winning wellbeing, training and skills development programmes. We are proud of the continued focus on colleague engagement and for the fourth consecutive year, Centrica has been named in The Times Top 50 Employers for Gender Equality ranking us highly for our focus on creating an environment where colleagues can thrive. This has helped us attract and retain talented people, while fostering a culture of inclusion and continuous improvement.

I am always impressed by the lengths our colleagues go to help our customers and help deliver great performance, and for this I am hugely grateful.

Board changes and governance

The Centrica Board is here to serve you, our shareholders, and is committed to robust oversight and governance, providing strategic direction and accountability.

It is an honour to lead a dedicated and effective Board that collaborates constructively with the executive team. The Board's aim is simple: to strengthen Centrica and consistently deliver value for our shareholders. In the fast-moving world in which we operate, ensuring our Board has the breadth of experience required is critical. I am delighted that Alessandra Pasini joined the Board this year; with a background in investment banking, Alessandra brings a wealth of international experience in renewable energy, battery storage solutions and green hydrogen. We also welcomed Frank Mastiaux, an energy industry veteran whose international leadership roles in some of the world's largest energy companies brings invaluable insight and experience to our team.

I would like to extend my sincere appreciation to colleagues departing from the Board. Heidi Mottram, who joined in 2020 and served as Chair of the Safety, Environment and Sustainability Committee (SESC), stepped down at the end of 2025. Carol Arrowsmith, who has served on the Board since 2020 and as Chair of the Remuneration Committee, will step down at the conclusion of our AGM in May 2026. I am very pleased that Amber Rudd has taken on the role of Chair of the SESC and Sue Whalley will become Chair of the Remuneration Committee from May. Nathan Bostock,

a Board member since 2022 and Chair of the Audit and Risk Committee, will leave in the summer of 2026 and his successor will be announced in due course.

The effectiveness of the Board is underpinned by Centrica's culture, a foundation that drives performance, supports our strategy and ensures robust governance. We foster collaboration, innovation and integrity at every level, empowering colleagues to deliver their best and contribute to our shared purpose. Our Purpose and Values guide every decision.

Performance overview

Despite 2025 being a challenging year, Centrica still delivered resilient financial and operational results. Our Retail and Infrastructure businesses performed broadly in line with expectations, though Centrica Energy's optimisation activities delivered weaker than planned results amid particularly difficult market conditions.

Group adjusted EBITDA for the year was £1,417m and operating profit was £814m, down from £2,305m and £1,552m respectively in 2024, with adjusted EPS just over 11 p. The Group generated over £900m of adjusted operating cash flow, while free cash flow moved into a modest almost £200m outflow, driven primarily by a deliberate and accelerated step-up in strategic investment to £1.2bn.

Your Board is mindful of our responsibility to carefully manage our free cash flow. Over the past year, we have made significant investment decisions, and we've focused on maximising sustainable profitability across our range of businesses. It has been one of our most active periods for investment in recent years, and Chris will provide further detail in his statement.

Looking ahead, we anticipate that cash flow from our existing infrastructure assets will gradually be supplemented by contributions from new investments. These new assets are expected to deliver stable and predictable earnings, ensuring a reliable income stream over time. Our investment in a 15% equity stake in Sizewell C is a very good example of our strategy to deliver long-term, stable earnings. We also announced a 50% investment into the Isle of Grain Liquefied Natural Gas (LNG) terminal in partnership with Energy Capital Partners LLP. Grain LNG delivers vital energy security for the UK and is aligned with the strategy of investing in regulated and contracted assets supporting the energy transition. At the same time, when we hold surplus capital, we carefully

consider the best way to return value to our shareholders. In 2025, we increased our share buyback programme by an additional £500m, which was largely completed during the year, bringing the total equity repurchased since 2022 to £2bn, or around a quarter of the Company's shares. Alongside this, we returned further value to shareholders through a full-year dividend of 5.5p, which included the interim dividend of 1.83p announced in July.

Progress towards net zero

Looking forward, your Board will remain focused on energy security, a fair transition and delivering our net zero ambitions. Our updated Climate Transition Plan, launched in January 2025 with strong shareholder support, sets out how we will balance these priorities. Your Board actively oversees this plan to ensure Centrica continues to lead the energy transition responsibly.

I'm pleased to say we have made good progress, achieving key emissions reduction milestones. We are on track or ahead of all customer climate goals, from installing smart low carbon technologies like Hive thermostats to expanding green tariffs and growing the green skills of 1,900 engineers toward our 2030 ambition of 3,000.

Meanwhile, we continued to decarbonise operations and grow sustainable energy supply through renewable and zero carbon investment, new technologies and strategic partnerships aimed at reducing emissions across power generation, gas storage, LNG shipping and our van fleet.

Our commitment to a fair transition helps ensure no customer or community is left behind.

We measure and report progress through rigorous KPIs and benchmarks and remain committed to addressing performance gaps and acting on stakeholder feedback to refine our strategy and deliver on our promises.

Outlook for the next year and the evolving landscape

Turning to 2026, the energy landscape remains dynamic, shaped by geopolitical developments, regulatory shifts, technological advancements and changing customer expectations. The Government's decision to remove some levies from consumer energy bills from April this year is a welcome step for households. This has been an issue we have lobbied on for over

five years and will put money in the pockets of consumers; however as noted earlier, we remain highly concerned about the growing level of bad debt in the energy industry, which has now reached levels the sector has never experienced before. This is unsustainable and represents a structural risk to the sector's stability.

We have been clear about our concerns and will continue urging Ofgem to work with government and industry on a solution that helps distinguish customers who genuinely cannot pay from those who can but choose not to.

We appreciate this is a complex area, but it requires urgent attention. Equally, we must remain vigilant in how we support our most vulnerable customers. We continue to engage with our regulator regarding past issues in the installation of prepayment meters. Whilst we have not resumed this practice, it is clear this issue remains a sector-wide challenge. In that respect, we have taken decisive steps to address areas where we fell short.

We will continue to assess the opportunities for Centrica including innovation in energy solutions, expansion into new and existing markets, and leveraging our expertise in trading and optimisation. At the same time, we are alert to risks such as price volatility, supply chain disruptions and geopolitical uncertainty. Against this evolving landscape, our strategy continues to evolve, particularly in Power generation, ensuring we remain agile and responsive to market shifts as the world becomes increasingly electrified and dependent on data centres.

Our resilience and adaptability are core strengths, enabling us to navigate uncertainty and seize opportunities for growth. As always, your Board will consider the barriers to delivering our strategy and remain alert to emerging risks. We prepare for these changes by continuing to invest in digital transformation and harnessing the power of AI, enhancing our risk management capabilities and deepening our engagement with regulators and policymakers. Our commitment is to safeguard the interests of our customers, colleagues and shareholders as we navigate these challenges and opportunities.

In a fast-changing environment, we remain focused on delivering for our customers and colleagues, creating sustainable value for our shareholders while contributing to a fair UK energy transition.

In closing, I would like to thank our colleagues, customers and stakeholders for their ongoing support and trust. Centrica is well positioned to deliver sustainable value for shareholders and society, and I am confident in our direction and ability to lead in a rapidly changing and complex world. Together, we will continue to build a resilient, responsible business that makes a positive difference for all of us.

Kevin O'Byrne, Chair

18 February 2026