Group Chief Financial Officer's report

> I am very pleased with the financial performance we delivered in 2024 which was supported by stronger operational performance across the portfolio. This has been instrumental in driving our earnings and cash generation and supports increasing balance sheet resilience, funding our investment programme and growing shareholder returns.

Russell O'Brien, Group Chief Financial Officer

Relentless focus on value creation

- Maximise sustainable earnings
- Maintain a strong balance sheet
- Progressive dividend
- Invest for value
- Return surplus capital

Financial overview

The Group's adjusted EBITDA, including Centrica's share of EBITDA from joint ventures and associates was £2.3bn (2023: £3.5bn) against a more normalised backdrop of lower prices and reduced volatility. Adjusted operating profit was £1.6bn (2023: £2.8bn) and after reflecting net finance income and taxation on business performance, Group adjusted earnings attributable to shareholders were £1.0bn (2023: £1.9bn) and Group adjusted EPS was 19.0p (2023: 33.4p).

From a statutory perspective, operating profit was £1.7bn (2023: £6.5bn). This includes a certain re-measurement gain during the year of £0.3bn (2023: £4.4bn) predominantly due to the unwind of 2023 out-of-the-money hedging positions partially offset by the movement in the onerous energy supply and LNG contract provision. In addition an exceptional loss of £0.1bn (2023: £0.6bn) was recognised driven predominantly by legacy contract costs associated with business activity that ceased a number of years ago and impairment of Nuclear and CBS assets. Statutory profit attributable to shareholders was £1.3bn (2023: £3.9bn) and statutory EPS was 25.7p (2023: 70.6p). None of the items reported in the middle column of the Income Statement are considered to reflect the underlying performance of the business.

The Group's total Free Cash Flow (FCF) reduced to £1.0bn (2023: £2.2bn), with the impact of lower operating profit and higher capital expenditure partially offset by lower cash tax payments. The closing net cash balance was £2.9bn (2023: £2.7bn).

Statutory net cash flow from operating and investing activities was £1.6bn (2023: £2.9bn). This was higher than the FCF noted above largely because of the exclusions from FCF of the sale and purchase of securities, interest received, defined benefit pension deficit payments and movements in variation margin and collateral, which support our commodity hedging activity and Centrica Energy optimisation activity.

The Group's net assets increased to £4.8bn (2023: £4.2bn) largely driven by the statutory profit the Group generated. This was partially offset by the impact of items reported in equity, including a £480m reduction from the share buyback programme and £219m of dividends paid to shareholders.

Revenue

Total Group revenue decreased by 25% to £19,913m (2023: £26,458m). Total Group revenue included in business performance, which includes revenue arising on contracts in scope of IFRS 9, decreased by 26% to £24,636m (2023: £33,374m).

Gross segment revenue, which includes revenue generated from the sale of products and services between segments, decreased by 26% to £26,206m (2023: £35,343m). This was driven largely by the impact of lower commodity prices, lower volatility, and lower seasonal gas price spreads.

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

Adjusted EBITDA, operating profit, earnings and dividend

Adjusted EBITDA

Year ended 31 December (£m)	2024	2023
Retail	**528**	930
British Gas Services & Solutions	110	101
British Gas Energy	339	808
Bord Gáis Energy	79	21
Optimisation	**443**	963
Centrica Business Solutions	97	141
Centrica Energy	346	822
Infrastructure	**821**	1,155
Nuclear (i)	97	327
Spirit Energy	707	506
Centrica Energy Storage+	17	322
Colleague profit share, consolidation adjustment and other (ii)	**–**	37
Adjusted EBITDA	**1,792**	3,085
Share of Nuclear associate's EBITDA	513	415
Adjusted EBITDA including share of EBITDA from joint ventures and associates	**2,305**	3,500

(i) Excludes Centrica's share of associate EBITDA of £513m (2023: £415m).
(ii) Includes colleague profit share of £(25)m (2023: £(8)m) and a consolidation adjustment of £(19)m (2023: nil), relating to the MAP.

Adjusted EBITDA including share of EBITDA from joint ventures and associates decreased to £2,305m (2023: £3,500m), largely reflecting the movement in adjusted operating profit.

Operating profit

Year ended 31 December (£m)	2024	2023
Retail	**427**	799
British Gas Services & Solutions	**67**	47
British Gas Energy	**297**	751
Residential energy supply (i)	***269***	*726*
Business energy supply	***28***	*25*
Bord Gáis Energy	**63**	1
Optimisation	**380**	878
Centrica Business Solutions	**73**	104
Centrica Energy	**307**	774
Infrastructure	**789**	1,083
Nuclear	**353**	536
Spirit Energy	**434**	235
Centrica Energy Storage+	**2**	312
Colleague profit share and MAP consolidation adjustment (ii)	**(44)**	(8)
Operating profit from business performance (Adjusted operating profit)	**1,552**	2,752
Exceptional items and certain re-measurements	**151**	3,760
Group operating profit (Statutory operating profit)	**1,703**	6,512

(i) Includes the Meter Asset Provider (MAP) business.
(ii) Colleague profit share of £(25)m (2023: £(8)m) and a consolidation adjustment of £(19)m (2023: nil), relating to the MAP.

Adjusted operating profit decreased to £1,552m (2023: £2,752m). More detail on specific business unit adjusted operating profit performance is provided in the Business Review on pages 33 to 37.

Statutory operating profit was £1,703m (2023: £6,512m), with the difference between the two measures of profit relating to a net gain on exceptional items and certain re-measurements of £151m (2023: £3,760m).

Certain re-measurements included within operating profit

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

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

The Group operating profit in the statutory results includes a net pre-tax profit of £279m (2023: £4,405m) relating to re-measurements, comprised of:

- A net gain of £421m on the re-measurement of derivative energy contracts. This predominantly reflects the unwind of 2023 out-of-the-money energy supply contract hedge purchases, partially offset by an unwind of our infrastructure businesses and Centrica Energy in-the-money positions from 2023. The net positive impact of these two factors was £377m. In addition, we saw a net gain of £44m from our wider portfolio, driven by net changes in commodity prices.
- A net loss of £142m from the movement in onerous contract provisions. Included within this is the onerous energy supply contract provision, which is based on the future costs to fulfil customer contracts on a current market basis. This provision had fully unwound by 31 December 2023 and remains at £nil on 31 December 2024. However, the acquisition of AvantiGas ON Limited in 2022, included an opening balance sheet onerous contract provision, which is unwound to the business performance column of the Group Income Statement on a pre-determined acquisition date basis, to ensure this column reflects the true profit/loss relative to the acquisition date values. At each reporting date, the closing balance sheet value of the onerous contract provision is then updated to reflect actual market prices, with the required remaining movement in the provision posted to the certain re-measurements column. Because commodity prices generally fell after the 2022 acquisition, this meant that the balance sheet onerous contract provision fell more quickly than originally expected. This led to a £69m onerous contract provision movement income in certain re-measurements in 2023. Accordingly, there is a £60m cost in 2024 in certain re-measurements, as this position has now mostly unwound. Also included is an £82m cost (2023: £nil) relating to an onerous LNG contract, however the LNG portfolio is forecast to remain profitable when taking into account future hedges and cargoes.

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

Exceptional items included within operating profit

An exceptional pre-tax operating cost of £128m was recognised within the statutory Group operating profit (2023: £645m) made up of:

- £53m (2023: £nil) legacy contract costs associated with business activity that ceased a number of years ago, predominantly related to construction services, have led to an increase in provisions during the period.
- A £48m (2023: £549m) impairment of the Nuclear investment as a result of a reduction in power prices, partially offset by the life extensions at four stations.
- A £27m (2023: £14m) impairment in Centrica Business Solutions, predominantly related to battery storage and solar assets, as a result of lower forecast power price capture, together with an increase in discount rate and an increase in operating and capital expenditure forecasts.
- 2023 also included an £82m impairment of the Rough gas storage asset as a result of a reduction in both forecast gas prices and forecast summer/winter gas price spreads.

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

Group earnings and dividend

		2024			2023		
Year ended 31 December (£m)	Notes	**Business performance**	**Exceptional items and certain re-measurements**	**Results for the year**	Business performance	Exceptional items and certain re-measurements	Results for the year
Group operating profit	4(c)	**1,552**	**151**	**1,703**	2,752	3,760	6,512
Net finance income/(cost)	8	**44**	**(68)**	**(24)**	(39)	–	(39)
Taxation	9	**(553)**	**239**	**(314)**	(838)	(1,595)	(2,433)
Profit from operations		**1,043**	**322**	**1,365**	1,875	2,165	4,040
Less: (Profit)/loss attributable to non-controlling interests		**(59)**	**26**	**(33)**	(16)	(95)	(111)
Adjusted earnings attributable to shareholders		**984**	**348**	**1,332**	1,859	2,070	3,929
Basic earnings per share	10	**19.0p**	**6.7p**	**25.7p**	33.4p	37.2p	70.6p
Full year dividend per share	11			**4.5p**			4.0p

Net finance income/cost

Net finance income on business performance was £44m (2023: £39m net finance cost), largely due to an increase in interest income on cash balances, reflecting higher UK interest rates, the higher cash balances we held during the year, and a reduction in financing costs on bonds and bank loans.

In addition, £68m of exceptional financing costs have been recognised in relation to debt repurchase and refinancing exercises. £370m of debt instruments have been repurchased in advance of their maturity date. Due to the premium paid above existing carrying value and transaction fees, a one-off Income Statement cost of £50m has been incurred. Additionally, refinancing of the 2075 hybrid bond, designated in a fair value hedge relationship, with a carrying value of £435m and repayment value of £453m (including fees), has resulted in a one-off Income Statement financing cost of £18m.

Taxation and adjusted effective tax rate

Business performance taxation on profit decreased to £553m (2023: £838m). This excludes tax on joint ventures and associates. After taking account of tax on joint ventures and associates, the adjusted tax charge was £671m (2023: £912m).

The resultant adjusted effective tax rate for the Group was 39% (2023: 33%), with a higher proportion of profits coming from highly taxed Infrastructure activities. The adjusted effective tax rate calculation is shown below:

Year ended 31 December (£m)	2024	2023
Adjusted operating profit before impacts of taxation	**1,552**	2,752
Add: JV/associate taxation included in adjusted operating profit	**118**	74
Net finance income/(cost)	**44**	(39)
Adjusted profit before taxation	**1,714**	2,787
Taxation on adjusted operating profit	**(553)**	(838)
Share of JV/associate taxation	**(118)**	(74)
Adjusted tax charge	**(671)**	(912)
Adjusted effective tax rate	**39%**	33%

A charge totalling £166m (2023: £326m) 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 45% (2023: 40%).

Total certain re-measurements and exceptional items generated a taxation credit of £239m (2023: £1,595m charge), which was larger than the total certain re-measurements and exceptional items due to the mix of profits from downstream and losses from the higher tax business, Spirit, together with an exceptional deferred tax credit in Spirit. When included with taxation on business performance generated a total taxation charge of £314m (2023: £2,433m).

See notes 2(b), 3(b), 7(a), 7(b) and 9 for more details.

Group earnings

Profit for the year from business performance after taxation was £1,043m (2023: £1,875m). After adjusting for non-controlling interests relating to Spirit Energy, adjusted earnings were £984m (2023: £1,859m).

Adjusted basic EPS was 19.0p (2023: 33.4p), which also includes the impact of a lower weighted average number of shares than in 2023, reflecting the ongoing share buyback programme.

After including exceptional items and certain re-measurements, including those attributable to non-controlling interests, the statutory profit attributable to shareholders for the period was £1,332m (2023: £3,929m).

The Group reported a statutory basic EPS of 25.7p (2023: 70.6p).

Dividend

In addition to the interim dividend of 1.5p per share, the proposed final dividend is 3.0p per share, giving a total full year dividend of 4.5p per share (2023: 4.0p per share).

The cash paid to Centrica shareholders in dividends in 2024 was £219m, made up of the 2.67p per share final 2023 dividend and the 1.5p per share interim 2024 dividend (2023: £186m).

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 of the business after taking account of the need to maintain the Group's capital asset base. FCF was £989m (2023:£2,207m). See explanatory note 4(f) for further details and a reconciliation between statutory cash flow from operating and investing activities and free cash flow.

Year ended 31 December (£m)	2024	2023
Adjusted EBITDA (i)	**1,792**	3,085
Dividends received	**355**	220
Adjusted EBITDA and dividends received	**2,147**	3,305
Tax	**(636)**	(803)
Working capital	**124**	244
Decommissioning spend	**(80)**	(173)
Capital expenditure (ii)	**(564)**	(415)
Disposals	**4**	55
Exceptional cash flows	**(6)**	(6)
Free cash flow	**989**	2,207
Net interest	**34**	(19)
Pension deficit payments	**(176)**	(180)
Movements in margin cash (iii)	**131**	585
Share buyback programme	**(499)**	(613)
Dividends – Centrica shareholders	**(219)**	(186)
Dividends – Spirit Energy minority shareholder	**–**	(17)
Other cash flows affecting net debt (iv)	**(76)**	6
Adjusted cash flow affecting net cash	**184**	1,783
Opening net cash (as at 1 January)	**2,744**	1,199
Adjusted cash flow movements	**184**	1,783
Non-cash movements (v)	**(70)**	(238)
Closing adjusted net cash	**2,858**	2,744

(i) Excludes Centrica's share of associate EBITDA of £513m (2023: £415m).
(ii) Capital expenditure (including small acquisitions). See page 30 for more detail.
(iii) As at 31 December 2024, margin cash posted was £105m (2023: £240m).
(iv) 2024 other cash flows affecting net cash includes £(68)m relating to exceptional financing costs in relation to debt repurchase and refinancing activities.
(v) 2024 non-cash movements includes £(55)m relating to new leases and the re-measurements of existing leases (2023: £(158)m).

The net inflow of working capital was £124m (2023: £244m). Within this, there was a £342m working capital inflow in Centrica Energy driven by profit on prior year derivative cash positions settled during 2024, a £148m working capital inflow in Centrica Energy Storage+ relating to higher withdrawals and a lower injection price, partially offset by a £456m outflow in British Gas Energy related to the impact of falling commodity prices.

The collateral and margin cash inflow was £131m (2023: £585m).

Net investment

The net investment outflow for the period was £560m (2023: £360m). Within this, capital expenditure (including small acquisitions) of £564m (2023: £415m) was predominantly driven by investment in flexible and renewable power generation assets across Bord Gáis Energy and Centrica Business Solutions, and the acquisition of ENSEK and investment in the MAP business in British Gas Energy.

The table below provides a summary of total Group net investment by business unit, 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)	2024	2023
British Gas Services & Solutions	**(22)**	(50)
British Gas Energy	**(187)**	–
Bord Gáis Energy	**(103)**	(72)
Centrica Business Solutions	**(160)**	(114)
Centrica Energy	**(40)**	(47)
Nuclear	**–**	–
Spirit Energy	**(31)**	(75)
Centrica Energy Storage+	**(11)**	(26)
Other (i)	**(10)**	(31)
Capital expenditure (including small acquisitions)	**(564)**	(415)
Net disposals	**4**	55
Total Group net investment	**(560)**	(360)
Add back:		
Capitalised borrowing costs	**(11)**	(2)
Inception of new leases and movements in payables and prepayments related to capital expenditure	**(63)**	(85)
Purchases of emissions allowances and renewable obligation certificates	**(856)**	(780)
Deduct:		
Net disposals	**(4)**	(55)
Purchase of businesses, net of cash acquired	**92**	34
Investment in joint ventures and associates	**–**	9
Net purchase of other investments (ii)	**56**	37
Capital expenditure (per note 4(e))	**(1,346)**	(1,202)

(i) This includes a consolidation adjustment of £19m (2023: £nil) relating to MAP.
(ii) Includes £27m Centrica Energy investments and £25m Centrica Business Solutions convertible loan note investment in Highview Enterprises Ltd group.

Group adjusted net cash

Accordingly, the Group's adjusted net cash position as at 31 December 2024 was £2,858m, compared to £2,744m on 31 December 2023.The breakdown of net cash is shown below:

As at 31 December (£m)	2024	2023
Current and non-current borrowings, leases and interest accruals	**(2,867)**	(3,289)
Derivatives	**(107)**	(119)
Gross debt	**(2,974)**	(3,408)
Cash and cash equivalents, net of bank overdrafts	**5,693**	5,629
Current and non-current securities	**139**	521
Sub-lease assets	**–**	2
Adjusted net cash	**2,858**	2,744

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)	2024	2023
Statutory cash flow from operating activities	**1,149**	2,752
Statutory cash flow from investing activities	**493**	115
Statutory cash flow from financing activities	**(1,548)**	(1,414)
Net increase in cash and cash equivalents	**94**	1,453

Net cash inflow from operating activities decreased to £1,149m (2023: £2,752m), with the impact of lower adjusted EBITDA.

Net cash inflow from investing activities was £493m (2023: £115m). Within this, interest received increased to £317m (2023: £267m) reflecting the higher interest rate environment, while dividends from our Nuclear associate increased to £355m (2023: £220m). Capital expenditure (including small acquisitions) increased to £564m (2023: £415m) as we build momentum in our green-focused growth and investment strategy. There was a £400m settlement of securities, relating to the settlement of previous loans made to the pension schemes.

Net cash outflow from financing activities was £1,548m (2023: £1,414m). Within this there was a net outflow on borrowings of £539m (2023: £318m) driven by the repurchase of debt instruments, and the refinancing of our hybrid bond. Cash distributions to equity shareholders were £499m (2023: £613m) through the Group's share buyback programme, and £219m (2023: £186m) related to ordinary dividend payments.There were no distributions to Spirit Energy's minority partner in the year (2023: £17m).

The above resulted in a £94m increase in cash and cash equivalents over the year. Gross debt reduced by £434m, reflecting £370m of debt instruments having been repurchased in advance of their maturity date during the period. When also including the impact of foreign exchange adjustments on cash, the Group's adjusted net cash position at 31 December 2024 was £2,858m, compared to £2,744m on 31 December 2023.

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

Pension deficit

The Group's IAS 19 net pension deficit was £21m at the year-end, compared with a £117m deficit at 31 December 2023, with the impact of pension deficit contributions during the year partly offset by a decrease in high-quality corporate bond yields used to discount the pension liabilities, a lower return on scheme assets and an actuarial adjustment due to inflation experience. The technical provisions deficit is based on more conservative assumptions and 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 £140m a year to 2027. On a roll-forward basis using the same methodology, consequent assumptions and contributions paid, the technical provision deficit would be around £450m at 31 December 2024.

Further details on post-retirement benefits are included in note 22.

Decommissioning liabilities

The £1,459m (2023:£1,527m) decommissioning provision 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 2024 the provision balance is £1,139m for Spirit Energy, £302m in relation to the Rough field and £18m in the remainder of the business. The provisions are held gross of tax, with a corresponding deferred tax asset of £605m (2023: £617m).

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

Balance sheet

Net assets increased to £4,812m (2023: £4,233m), predominantly driven by the statutory profit the Group generated. This was partially offset by the impact of items reported in equity, including a £480m reduction from the share buyback programme and £219m of dividends paid to shareholders.

Acquisitions, disposals and other investments

On 11 June 2024 the Group invested £25m in convertible loan notes and ordinary shares in Highview Enterprises Limited. The Group also agreed to provide financing to CryoBattery One Limited, a subsidiary of Highview Enterprises Limited, in the form of a £45m senior debt facility of which £3m has been drawn down at 31 December 2024. This entity is developing a new cryogenic energy storage plant. When built, this will consist of a long duration storage process using patented Liquid Air Energy Storage (LAES) technology.

On 29 July 2024 the Group acquired ENSEK and its innovative customer management platform, Ignition for £91m. The acquisition completed on 20 September 2024. The acquisition will deliver strong returns aligned with the Group's capital allocation framework and investment thresholds and will enhance the Group's ability to offer innovative propositions to its customers as the energy system evolves.

Further details on assets purchased, acquisitions and disposals are included in notes 4(e) and 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 nature of the Group's principal risks and uncertainties are broadly unchanged from those set out in the 2023 Annual Report.

There is heightened risk in our UK retail energy supply and insurance business units arising from ongoing regulatory scrutiny across our markets. Cost of living challenges continue to affect our customers' ability to pay their bill; and with fuel poverty increasing, bad debt levels remain high.

Market risk has remained stable, with further reductions of volatility in the EU wholesale power and gas markets, which in turn has led to a stabilisation of the credit environment. The Group's liquidity position continues to improve, with the extension of £5bn committed credit facilities and maintenance of the $3bn US Commercial Paper programme, and with the liability management and refinancing of the hybrid bond in 2024 to strengthen the balance sheet.

External trends influencing our risk landscape include the speed of the energy transition and technological innovation, as well as the impact of geopolitical tensions, and the evolving cyber threat landscape. Centrica's response includes the enhancement of our digital services capability through acquiring ENSEK, investment in customer data and service to accelerate our adaption to evolving customer needs, investment in supply chain resilience and supplier risk management, and Strategic Workforce Planning to ensure fulfilment of our future human capital needs. Our technology teams also continue to build security capabilities and improvements in controls to detect and respond to increasingly sophisticated cyber-attacks.

Management remains focused on mitigating operational and asset integrity risks through robust controls and fostering a safety-first culture through a proactive risk management culture.

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
19 February 2025

Our view on taxation

The Group takes its obligations to pay and collect the correct amount of tax very seriously.

Responsibility for tax governance and strategy lies with the Group Chief Financial Officer, overseen by the Board and the Audit and Risk Committee.

Our approach

Wherever we do business in the world, we take great care to ensure we fully comply with all our obligations to pay or collect taxes and to meet local reporting requirements.

We are committed to providing disclosures and information necessary to assist understanding beyond that required by law and regulation.

We do not tolerate tax evasion or fraud by our employees or other parties associated with Centrica. If we become aware of any such wrongdoing, we take appropriate action.

Our cross-border pricing reflects the underlying commercial reality of our business.

We ensure that income and costs, including costs of financing operations, are appropriately recognised on a fair and sustainable basis across all countries where the Group has a business presence.

We understand that this is not an exact science and we engage openly with tax authorities to explain our approach.

In the UK we maintain a transparent and constructive relationship with His Majesty's Revenue & Customs (HMRC). This includes regular, open dialogue on issues of significance to HMRC and Centrica. Our relationship with fiscal authorities in other countries where we do business is conducted on the same principles.

We carefully manage the tax risks and costs inherent in every commercial transaction, in the same way as any other cost.

We do not enter into artificial arrangements in order to avoid taxation nor to defeat the stated purpose of tax legislation.

We seek to actively engage in consultation with governments on tax policy where we believe we are in a position as a Group to provide valuable commercial insight.

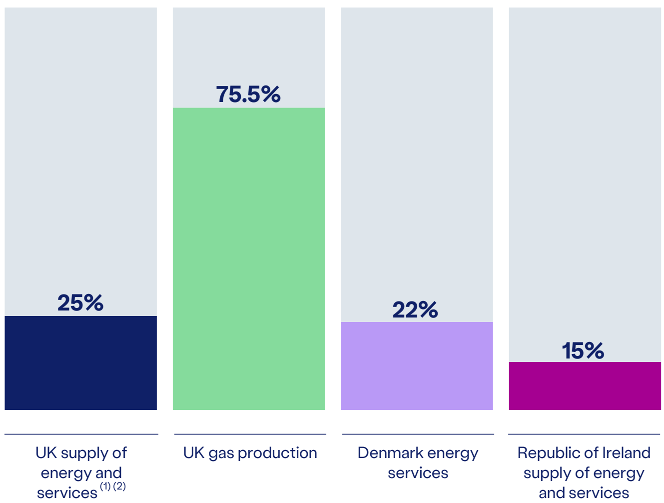
The Group's tax charge, taxes paid and the UK tax charge

The Group's businesses are subject to corporate income tax rates as set out in the statutory tax rates on profits table.

The overall tax charge is dependent on the mix of profits and the tax rate to which those profits are subject.

Statutory tax rates on profits

Group activities



(1) From 1 January 2023, revenues from our Nuclear and solar business are subject to Electricity Generator Levy (EGL) at 45% on wholesale revenues sold at an average price in excess of £75/MWh, exceeding an annual threshold of £10 million. The EGL is accounted for as an expense and is included in cost of sales.
(2) With effect from 1 November 2024 the rate of Energy Profits Levy increased from 35% to 38%. Combined with ring fence corporation tax of 30% and Supplementary Charge of 10% this gives an average rate for the year of 75.5%
(3) The statutory rate of tax in the Republic of Ireland is 12.5% combined with a top up tax of 2.5% tax payable to ensure the minimum corporation tax payable is 15%

Tax charge compared to cash tax paid

	2024 Current tax charge/(credit)	2024 Cash tax paid/ (received)
UK (including Petroleum Revenue Tax)(i)	458	492
Denmark(i)	28	121
Singapore	1	19
Republic of Ireland(i)	29	4
Rest of world	1	–
	517	**636**
Electricity generator levy(ii)	80	80
Total tax paid		**716**

Corporation tax is paid in instalments, generally based on estimates; one-off items and fluctuations in mark to market positions may cause divergence between the charge for the year and the tax paid.

(i) The UK and Denmark tax payments include amounts of £130m and £80m relating to 2023, Similarly the Republic Of Ireland payments includes a receipt of £11m relating to 2022.
(ii) Additional electricity generator levy of £86m is included in our share of the results of joint venture and associates operating profits making a total charge of £166m.

Further information on the tax charge is set out in note 9.

Our Group tax strategy, a more detailed explanation of the way the Group's tax liability is calculated and the timing of cash payments, is provided on our website at **centrica.com/responsibletax**

Business review

Retail

In Retail, customer service metrics continue to improve aligned to our focus on operational excellence, including lower complaints and improving NPS across our businesses. Total Retail adjusted operating profit decreased to £427m (2023: £799m) with improved results for both British Gas Services & Solutions and Bord Gáis Energy, and a strong underlying result in British Gas Energy, with no repeat of the one-off prior period cost recoveries during 2023.

British Gas Services & Solutions

Year ended 31 December	2024	2023	Change
Operational			
Services & Solutions customers ('000) (closing) (i)	**2,899**	2,950	(2%)
On-demand jobs ('000) (ii)	**304**	218	39%
Boiler installs ('000)	**81**	95	(15%)
Services complaints per customer (%) (iii)	**5.3%**	6.0%	(12%)
Services Engineer NPS (iv)	**73**	71	2pt
Financial			
Adjusted EBITDA (£m)	**110**	101	9%
Adjusted operating profit (£m)	**67**	47	43%
Adjusted operating profit margin (%)	**4.3%**	2.9%	48%

All 2024 metrics and 2023 comparators are for the 12 months ended 31 December unless otherwise stated.
(i) Services & Solutions customers are defined as single households having a contract or an on-demand job with British Gas Services & Solutions.
(ii) On-demand jobs are defined as Services & Repair one-off on-demand repairs, home improvements and maintenance.
(iii) Total complaints, where we identify material distress, inconvenience or financial loss, as a percentage of average customers over the year.
(iv) Measured independently, through individual questionnaires, the customer's willingness to recommend British Gas following a gas engineer visit.

Operational Performance

In British Gas Services & Solutions we have continued to embed strong operational performance, driving improvements in customer satisfaction and strengthening our platform for growth.

Reschedule rates remain low at 4% (2023: 3%), helping to underpin improvements in customer satisfaction, with engineer NPS of 73 rising 2pt and complaints per customer falling by 12% to 5.3%. This has given us the confidence to launch innovative customer offers, such as our nationwide Service Promise, offering a same day engineer repair visit for contract and on-demand customers who contact us by 11am.

Customer numbers were 2% lower in 2024, and remain a key focus area, although the rate of decline has improved versus historical trends, with annualised Services contract customer retention of 86%, up from 82% at the end of 2023. We are making good progress growing in the on-demand market, which represents a substantial opportunity, with jobs increasing by 39% year-on-year to 304,000.

Despite maintaining market share, boiler installs fell in what is currently a challenging market reflecting continuing cost of living pressures for households.

Financial Performance

Adjusted operating profit was £67m (2023: £47m), reflecting our focus on increasing customer value, despite slightly lower customer numbers, with strong operational efficiency and cost control, alongside growth in on-demand and Smart jobs. This was partially offset by lower boiler installations and continued investment in Net Zero. Depreciation and impairments were £11m lower in 2024, with extensions to the lives of vehicles in Q4 2023 and impairments in 2023 (2024: £nil, 2023: £9m).

British Gas Energy

Year ended 31 December	2024	2023	Change
Operational			
Residential energy customers ('000) (closing) (i)	**7,460**	7,529	(1%)
Small business customer sites ('000) (closing)	**557**	552	1%
Residential energy complaints per customer (%) (ii)	**10.1%**	13.3%	(24%)
Residential energy touchpoint NPS (iii)	**29**	17	12pt
Financial			
Cost per residential energy customer (excl. bad debt) (£)	**95**	91	4%
Adjusted EBITDA (£m)	**339**	808	(58%)
Adjusted operating profit (£m)	**297**	751	(60%)
Adjusted operating profit margin (%)	**2.5%**	4.2%	(40%)

All 2024 metrics and 2023 comparators are for the 12 months ended 31 December unless otherwise stated.
(i) Residential energy customers are defined as single households buying energy from British Gas.
(ii) Total complaints, measured as an expression of dissatisfaction in line with submissions made to Ofgem, as a percentage of average customers over the year.
(iii) Measured independently, through individual questionnaires, the customer's willingness to recommend British Gas Energy following contact.

Operational Performance

In British Gas Energy, we continue to invest in strengthening our operational foundations to drive innovation, retention and better customer outcomes in order to underpin long-term profitability in a changing competitor landscape.

Customer migration to our new, more flexible, Ignition platform is now largely complete. This has helped contribute to materially higher levels of customer satisfaction. NPS of 29 was a near-record, 12 points higher compared to 2023 and more than double the level two years ago, and coupled with a 24% reduction in complaints per customer to 10.1%. We will complete our customer migration to the new platform in 2025. Complaints per 100,000 customers were lower than Ovo, Octopus and EDF for the latest six month period[(iv)].

Residential energy customer numbers declined slightly in 2024. While price competition has started to increase, customers are also focused on service quality and product innovation. These are areas in which we are investing, including our brand perception. Having been recognised earlier in the year for "Best Overall Improvement" in the Uswitch Energy Awards, growing external recognition, backed by delivery, will be crucial in driving improved customer acquisitions and retention moving forward.

(iv) Latest Ofgem data: Complaints received by large suppliers per 100,000 customer accounts. As at 19 February 2025.

Financial Performance

Reflecting our investment in customer service, innovation and brand, annualised cost per residential energy customer (excluding bad debt) increased to £95 from £91 in 2023. Within this, dual running costs from system migration reduced by £2 to £9.

Adjusted operating profit was £297m (2023: £751m). This reflects a non-repeat of the cost recoveries seen in 2023 of approximately £500m, which was largely associated with unanticipated Standard Variable Tariff demand in 2022, decreased procurement optimisation opportunities due to lower commodity prices and associated volatility, and lower unit margins. This was partially offset by a lower bad debt charge of £352m (2023: £541m), with bad debt as a percentage of customer revenue falling to 2.3% (2023: 3.1%) and 6.1% (2023: 8.0%) for residential and small business respectively, supported by a more stable macroeconomic environment alongside lower prices, and internal initiatives focusing on bad debt.

The Meter Asset Provider (MAP) business, currently included within the British Gas Energy segment, was break-even for the year, as the business continues to build scale, with a portfolio of smart meters under management of around 450,000 by the end of 2024. Included within Group adjusted operating profit is a consolidation adjustment of £(19)m (2023: nil) relating to work carried out by British Gas Services & Solutions on behalf of the MAP.

Bord Gáis Energy

Year ended 31 December	**2024**	2023	Change
Operational			
Customers ('000) (closing)	**514**	503	2%
Complaints per customer (%) (i)	**0.9%**	1.7%	(47%)
Journey NPS (ii)	**36**	18	18pt
Financial			
Adjusted EBITDA (£m)	**79**	21	276%
Adjusted operating profit (£m)	**63**	1	6,200%
Adjusted operating profit margin (%)	**5.0 %**	0.1%	4,900%

All 2024 metrics and 2023 comparators are for the 12 months ended 31 December unless otherwise stated.
(i) Total complaints, measured as any oral or written expression of dissatisfaction, as a percentage of average customers over the year.
(ii) Weighted NPS for the main customer interaction channels.

Operational Performance

In Bord Gáis Energy we remain focused on creating value from our integrated model, supporting our customers and investing in the future energy system to help underpin energy security and decarbonisation in Ireland.

Our continued focus on customer service delivery helped to almost halve the number of complaints per customer from 1.7% in 2023 to 0.9%, and to double our NPS customer satisfaction score to 36. Customer numbers grew by 2% in 2024 in a highly competitive market, recovering losses recorded in the second half of 2023.

In November 2024, Bord Gáis Energy announced the acquisition of Swyft Energy, with the acquisition completing in January 2025. Swyft Energy is a leading solar PV installer in Ireland and the acquisition represents an important step in our transition to a green energy business.

Construction continues on our two hydrogen-ready 100MW flexible natural gas peaking plants in Athlone and Dublin, with the projects on-track for commissioning in the second half of 2025. With a total investment of approximately €350m (Centrica share ~80%), these plants will help deliver security of supply while facilitating Ireland's transition to renewable energy.

In January 2025, Bord Gáis Energy secured a 10-year capacity market contract of €56m p.a., to be fulfilled through an Open Cycle Gas Turbine with 334MW of electrical generation capacity. This agile power unit can be brought in and out of service rapidly, complementing intermittent renewable generation and further supporting the energy transition. The technology envisaged will also be able to run on 100% biomethane or, alternatively, operate on a blend of hydrogen from the gas network.

In addition, in Ireland's latest electricity capacity auction, we were awarded a five-year Intermediate Length Contract for our 445MW Combined Cycle Gas Turbine power station at Whitegate from October 2028 of €50m per annum. This will ensure that a reliable efficient plant is available to the market up to 2033, delivering security of supply for the energy transition and underpinning our economic return.

Bord Gáis Energy continues to progress opportunities for decarbonisation, using disruptive innovation, in collaboration with strategic partners. These include hydrogen storage with dCarbon X and ESB, ammonia as a renewable fuel source with Mitsubishi Power Europe and offshore wind with Corio Generation.

Financial Performance

Adjusted operating profit recovered to £63m (2023: £1m), as the Irish energy market moved towards a more normalised operating environment. These conditions allowed us to begin to return supply margins towards more sustainable levels, while allowing us to pass on price reductions to customers in a highly competitive market. In trading and generation, Whitegate delivered strong reliability and availability, helping to mitigate reduced optimisation opportunities as a result of lower market volatility.

Optimisation

In Optimisation, we continue to develop and leverage our international physical positions and world-class capabilities. Adjusted operating profit remained strong at £380m (2023: £878m), although was lower compared to 2023 against a backdrop of lower volatility and prices in commodity markets.

Centrica Business Solutions (CBS)

Year ended 31 December	2024	2023	Change
Operational			
Energy supply total gas and electricity volume (TWh)	**16.1**	20.7	(22%)
Energy supply complaints per site (%) (i)	**2.4%**	3.0%	(20%)
Energy supply Touchpoint NPS (ii)	**37**	25	12pt
Services order intake (£m) (iii)	**231**	225	3%
Net investment (£m) (iv)	**160**	114	40%
Financial			
Adjusted EBITDA (£m)	**97**	141	(31%)
Adjusted operating profit (£m)	**73**	104	(30%)
Adjusted operating profit margin (%)	**2.9%**	3.0%	(3%)

All 2024 metrics and 2023 comparators are for the 12 months ended 31 December unless otherwise stated.

(i) Total complaints, measured as any oral or written expression of dissatisfaction, as a percentage of total sites over the year. 2023 restated to reflect the change in methodology to use sites rather than customers.

(ii) Measured independently, through individual questionnaires and the customer's willingness to recommend, on a year-to-date basis. 2023 restated to reflect the change in methodology to using year-to-date data.

(iii) Total lifetime revenue forecasted from customer contracts signed in year.

(iv) Net investment is capital expenditure (including small acquisitions), less inflows from disposals.

Operational Performance

In CBS we continue to focus on strengthening our customer service and propositions in business energy supply, while building a portfolio of flexible, green-focused assets.

We continued our move away from supplying energy to the lower margin, large-scale Commercial and Industrial sector, resulting in total volumes falling 22% year-on-year. However, within this, volumes supplied to medium sized enterprises grew 5% to 12.2TWh (2023: 11.6TWh).

Complaints per site improved significantly in the period, falling by 20% to 2.4% with commodity prices easing and our continued focus on customer service delivery. This also contributed to an improved NPS score of 37, up 12pts.

As expected, Services order intake recovered in the second half of 2024, with full year Services order intake growing 3% compared to 2023, and the highest since 2021, with a strong near-term pipeline of work.

CBS net investment was £160m (2023: £114m) as we continue to deploy capital for value into a range of solar, battery and gas-peaking investments. We now have around 480MW of assets in detailed planning or delivery in the UK and Continental Europe, with total operational capacity of 194MW. Also included within net investment is a £28m investment in Highview Power, as part of a £70m phased investment programme, and the associated Liquid Air Energy Storage project at Carrington, as part of our strategic partnership focused on commercialising new long duration energy storage technology.

Financial Performance

Adjusted operating profit decreased to £73m (2023: £104m), reflecting no repeat of strong commodity procurement performance seen in 2023 in more volatile markets partially offset by additional margin from SME customer growth. Within this, business energy supply operating profit was £108m (2023: £159m), while Services and Assets posted a slightly improved operating loss of £35m (2023: £55m loss).

Centrica Energy

Year ended 31 December	2024	2023	Change
Operational			
Renewable and flexible capacity under management (GW) (i)	**16.7**	16.3	2%
Financial			
Adjusted EBITDA (£m)	**346**	822	(58%)
Adjusted operating profit (£m)	**307**	774	(60%)
Adjusted operating profit margin (%)	**5.0%**	10.0%	(50%)

All 2024 metrics and 2023 comparators are for the 12 months ended 31 December unless otherwise stated.

(i) Including assets that have signed contracts but are not yet operational.

Operational Performance

Centrica Energy is our world-class asset-backed trading and logistics business. We continue to build our diverse portfolio of physical contracted positions, while leveraging our differentiated risk management and optimisation capabilities to add further value across the Group.

Renewable and flexible capacity under management was 16.7GW, increasing by 2% year-on-year, driven by the addition of assets in the Baltics and Italy, where we have signed new wind and solar assets, partially offset by short-term contracts rolling off elsewhere.

We have also stepped up the hedging profile of our Sabine Pass LNG offtake to protect against future declines in gas prices and create a base margin around which we can optimise. This includes new long-term natural gas deals, such as our agreement with Coterra, which is linked to European gas prices such as TTF and NBP and commences in 2028, and Petrobras. As a result, we are now almost 100% hedged until the end of 2026, with over 50% through to the end of the decade.

Financial Performance

Centrica Energy delivered a resilient 2024 performance in a more normalised operating environment. Adjusted operating profit was £307m (2023: £774m), slightly above the midpoint of the medium-term operating profit range, but lower than 2023 reflecting reduced market volatility which impacted our gas and power trading and route-to-market businesses. LNG profitability remained broadly flat, benefitting from tailwinds from previous years and the in-built flexibility and optionality in the portfolio. We also saw benefit in 2024 from the timing of costs when compared with previous years, and a small £1m profit from our Sole Pit legacy gas contract (2023: £35m loss) driven by optimisation of the contract in the second half of 2024. At current forward prices we expect a loss of around £3m through to September 2025, when the contracts ends.

Infrastructure

Our Infrastructure businesses consist of our 20% investment in the UK's existing nuclear fleet, our 69% ownership in Spirit Energy, and Centrica Energy Storage+, the operator of the UK's largest gas storage facility, Rough. Total Infrastructure adjusted operating profit fell to £789m (2023: £1,083m).

Nuclear

Year ended 31 December	2024	2023	Change
Operational			
Nuclear power generated (TWh)	**7.5**	7.5	nm
Financial			
Nuclear achieved power price (£/MWh)	**132**	176	(25%)
Nuclear dividend received	**355**	220	61%
Adjusted EBITDA (£m) (i)	**610**	742	(18%)
Adjusted operating profit (£m)	**353**	536	(34%)

All 2024 metrics and 2023 comparators are for the 12 months ended 31 December unless otherwise stated.
(i) Includes Centrica's share of associate EBITDA of £513m (2023: £415m).

Operational Performance

Centrica's share of Nuclear generation volumes were in-line with 2023 despite extended outages in the first half of 2024 across Heysham 1 and Hartlepool, due to good reliability across the second half, and fewer planned outages across the portfolio.

Financial Performance

Nuclear adjusted operating profit was £353m (2023: £536m), driven predominantly by lower achieved prices net of associated impacts from the Electricity Generator Levy and tax. Dividends of £355m (2023: £220m) were received in the year.

Total Electricity Generator Levy included for the year was £166m (2023: £326m), of which £80m (2023: £285m) is included in the Group's cost of sales due to our nuclear hedging activity outside of the associate, with a further £86m (2023: £41m) included in the Group's associate result.

Details of our forward hedging positions for 2025 and 2026 are outlined below:

	2025	2026
Volume hedged (TWh)	5.5	1.8
Average hedged price (£/MWh)	89	76
Production volume (i) (TWh)	~7.0 to 8.0	

(i) 2025 forecasted production volumes.

Spirit Energy

Year ended 31 December	2024	2023	Change
Operational			
Gas production volumes (mmth)	**747**	832	(10%)
Liquids production volumes (mmboe)	**1.0**	1.0	nm
Total production volumes (mmboe)	**13.3**	14.8	(10%)
Financial			
Average achieved gas sales prices (p/therm)	**132**	101	31%
Average achieved liquid sales prices (£/boe)	**58**	50	16%
Lifting and other cash production costs (£/boe) (i)	**25.3**	25.1	1%
Gas and liquids realisations (£m) (ii)	**1,045**	900	16%
Unit DDA rate (£/boe)	**20.4**	17.4	17%
Adjusted EBITDA (£m)	**707**	506	40%
Adjusted operating profit (£m)	**434**	235	85%

All 2024 metrics and 2023 comparators are for the 12 months ended 31 December unless otherwise stated.
(i) Lifting and other cash production costs are total operating costs and cost of sales excluding depreciation and amortisation, dry hole costs, exploration costs and profit on disposal.
(ii) Realisations are total revenues from sales of gas and liquids including hedging and are net of Spirit national transmission system (NTS) costs.

Operational Performance

Total volumes from Spirit Energy were down 10% due to natural decline in existing fields and production outages at Morecambe which have subsequently been resolved, partially offset by good performance at Greater Markham Area.

Financial Performance

Adjusted operating profit was £434m (2023: £235m), with higher achieved prices, underpinned by our hedging strategy, more than offsetting lower production volumes. The unit DDA rate was higher due to production mix, with a greater proportion of production coming from assets with a higher fixed asset base.

Details of our forward hedging positions for 2025 and 2026 are outlined below:

	2025	2026
Volume hedged (mmths)	513	273
Average hedged price (p/th)	111	89
Production volume (i) (mmths)	~695 to 720	

(i) 2025 forecasted production volumes.

Centrica Energy Storage+

Year ended 31 December	2024	2023	Change
Operational			
Availability (i)	**95%**	93%	2%
Total volume in reservoir (bcf) (ii)	**40.7**	48.2	(16%)
Financial			
Adjusted EBITDA (£m)	**17**	322	(95%)
Adjusted operating profit (£m)	**2**	312	(99%)

All 2024 metrics and 2023 comparators are for the 12 months ended 31 December unless otherwise stated.
(i) Measured as a percentage of demand.
(ii) Includes 14bcf (2023: 15bcf) of indigenous gas.

Operational Performance

Centrica Energy Storage+ delivered high operational reliability from the Rough assets throughout the year. Rough accounts for approximately half of the UK's gas storage capacity, and we retain a third-party use exemption until at least 2030.

Centrica Energy Storage+ is expected to be loss making in 2025 (£50m-£100m). We need a regulatory support mechanism to unlock the £2bn investment to upgrade and redevelop the Rough assets to increase capacity and, ultimately, convert it into a hydrogen-ready storage facility. Constructive discussions with the UK Government are ongoing.

Financial Performance

Centrica Energy Storage+ adjusted operating profit was £2m (2023: £312m), including a second half loss mainly reflecting lower seasonal gas price spreads and reduced volatility.