centrica

CENTRICA PLC INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

INVESTOR PRESENTATION

Centrica will hold its 2024 Interim Results presentation for analysts and institutional investors at 9.30am (UK) on Thursday 25 July 2024. There will be a live webcast of the presentation and slides.

Please register to view the webcast at: https://webcasts.centrica.com/results/2024-interim-results

You may also listen via conference call. To register for this call and to receive a unique caller reference number, please visit: https://webcasts.centrica.com/results/2024-interim-results/vip_connect

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Unless otherwise stated, all references to the Company shall mean Centrica plc, and references to the Group shall mean Centrica plc and all of its subsidiary undertakings and equity-accounted associate/joint venture undertakings. This announcement does not offer investment advice, and does contain forward-looking statements. The Disclaimer relating to the Interim results is included on page 71.

Published 7am on 25 July 2024.

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ENERGISING A GREENER, FAIRER FUTURE

- Good first half result against a more normalised external environment.
- Highly engaged colleagues supporting better retention; focus now on improving customer acquisitions.
- Strong operational performance across the Group, providing the platform for growth.
- Delivering value from our projects in execution and growing our portfolio of long-term options.
- Balance sheet strength supports interim dividend increase to 1.5p and £200m share buyback extension.

"Our core businesses continued to deliver in line with our expectations in the first half of 2024, against the backdrop of more normalised market conditions. Against the medium-term profit objectives we set out last year, we are on track to deliver two years ahead of schedule for the majority of our businesses, and we continue to ramp up our investment programme, including in innovative technologies that will support the UK and Ireland's net zero ambitions.

Alongside this, the investments we are making in our data capabilities, product innovation and customer service have helped to improve operational performance across the Group. This has driven marked improvements in customer satisfaction, allowing us to continue shifting our focus to growing customer numbers, and helping to deliver for our colleagues, customers and investors over the long-term."

Chris O'Shea | Group Chief Executive

GOOD FINANCIAL PERFORMANCE IN A MORE NORMALISED ENVIRONMENT

SIX MONTHS ENDED 30 JUNE	2024	2023		2024	2023
Adjusted measures (i)			**Statutory measures**		
Operating profit (AOP)	**£1,035m**	£2,083m	Operating profit	**£1,677m**	£6,462m
Basic earnings per share (EPS)	**12.8p**	25.8p	Basic earnings per share (EPS)	**25.1p**	73.0p
Free cash flow	**£816m**	£1,377m	Net operating cash flow	**£798m**	£2,485m
Net cash	**£3,214m**	£3,061m	Interim dividend per share	**1.5p**	1.33p

(i) Adjusted performance measures are non-IFRS, corresponding IFRS measures are also shown to facilitate comparison. See notes 3, 4, 9, and 12 to the Financial Statements and pages 66 to 70 for an explanation of the use of adjusted performance measures.

- First half adjusted operating profit (AOP) of £1.0bn with:
  - Retail AOP of £0.2bn (H1 2023: £1.0bn) driven by improved performance in British Gas Services & Solutions and Bord Gáis Energy, offset by no repeat of one-off cost recoveries in British Gas Energy.
  - Optimisation AOP of £0.3bn (H1 2023: £0.5bn) reflecting both lower commodity prices and volatility.
  - Infrastructure AOP of £0.5bn (H1 2023: £0.7bn) underpinned by our hedging strategy, although Centrica Energy Storage+ (CES+) has been impacted by lower seasonal gas price spreads.
- Net finance income of £20m (H1 2023: £36m cost) driven by our strong net cash position.
- Adjusted EPS for the first half was 12.8p.
- Statutory operating profit of £1.7bn includes the impact of the unwind of unrealised hedges from 2023, and an impairment write-back on our nuclear investment. Reflecting this, statutory basic EPS for the first half was 25.1p (H1 2023: 73.0p).
- Free cash flow of £0.8bn (H1 2023: £1.4bn) largely reflects the movement in adjusted operating profit, also supported by dividends received from our nuclear investment.
- Statutory net operating cash flow of £0.8bn (H1 2023: £2.5bn) includes £0.1bn of margin cash and collateral inflow (H1 2023: £1.1bn inflow), closing with total margin cash posted of £0.2bn.
- Modest increase in capital expenditure to £221m (H1 2023: £190m), although progress has been slower than we hoped as we retain our disciplined focus on returns.
- Strong balance sheet, with closing adjusted net cash of £3.2bn compared to £2.7bn at the end of 2023.
- In-line with our progressive dividend policy, interim dividend per share increased to 1.5p, while our share buyback programme has been extended by £200m, to be completed by around February 2025.

CONTINUED DELIVERY ON OUR STRATEGIC PRIORITIES

- Embedding operational excellence across the Group as the foundation for growth.
  - Group colleague engagement of 8.1 (FY 2023: 7.7) now top quartile for our industry.
  - Customer satisfaction improvements across Retail, with reduced complaints, higher net promoter scores ("NPS"), Uswitch Energy Awards Best Overall Improvement, and retaining our 4 star Trustpilot score.
  - Majority of our UK residential energy customers now migrated to our new Ignition technology platform.
  - Strong operating performance in British Gas Services & Solutions benefitting customer retention, +5ppts vs FY23.
  - Continued focus on improving performance in new customer acquisitions.
- Delivering attractive returns from our green-focused investment programme.
  - Remaining disciplined on return thresholds, targeting 7-10%+ average returns and additional Group portfolio benefit, with a significant opportunity set currently under review.
  - Ramping up our Meter Asset Provider ("MAP") business, with an expected low risk return of 8%+.
  - 200MW Irish flexible power generation plants project ~70% complete, with commissioning expected around the middle of 2025.
  - In addition, over 600MW of assets in detailed plans or delivery across the UK and Continental Europe.
- Expanding our portfolio of growth options, supporting the UK and Ireland's energy security and net zero ambitions.
  - Phased £70m investment and strategic partnership with Highview Power focused on developing the first commercial-scale Liquid Air Energy Storage ("LAES") plant in the UK.
  - Exploring offshore wind opportunities with Corio Generation in Ireland.
  - Continue to progress carbon storage opportunity at Morecambe Bay gas field, and remain ready to transform Rough, which could store up to 200bcf of hydrogen, subject to regulatory framework.

OUTLOOK

Consistent with our trading statement in June, we currently expect:

- All Retail energy supply and Optimisation businesses to be within their medium-term sustainable adjusted operating profit ranges[i] in 2024, two years ahead of schedule.
- British Gas Services & Solutions expected to deliver an improved financial result for full year 2024 compared to last year, underpinned by strong operational performance, as it continues recovery towards its medium-term sustainable adjusted operating profit range[i].
- Centrica Energy Storage+ (Rough) future outlook challenging given low seasonal spreads.
- Group profitability to be heavily weighted to the first half of 2024.
- Group net cash expected to decline in the second half. In addition to profitability phasing, Group cash flow will see an expected ramp up in capital investment in the second half of 2024, while we also pay both of our dividend payments in the second half of 2024.

As usual, uncertainties remain for the balance of year, including weather, commodity prices, and regulation and government policy. This results in a range of possible outcomes for the full year.

Further details on our Spirit Energy and Nuclear hedged positions are provided on pages 13 and 14.

(i) Medium-term sustainable adjusted operating profit ranges: British Gas Residential energy supply £150m-£250m, British Gas Services & Solutions £100m-£200m, Centrica Energy £250m-£350m, Bord Gáis Energy and Business energy supply £100m-£200m.

GROUP OVERVIEW

GROUP PERFORMANCE METRICS

SIX MONTHS ENDED 30 JUNE	2024	2023	Change
Total recordable injury frequency rate (per 200,000 hours worked)	**0.71**	0.84	(15%)
Total customers ('000) (closing) (i)	**10,203**	10,266	(1%)
Group direct headcount (closing)	**21,432**	21,069	2%
Group colleague engagement	**8.1**	7.7	0.4pt

All 2023 comparators are as at 31 December 2023.

(i) Includes British Gas Energy, British Gas Services & Solutions and Bord Gáis Energy households and business customer sites in British Gas Energy and Centrica Business Solutions.

CREATING VALUE THROUGH THE ENERGY TRANSITION

In July 2023 we outlined the refreshed strategy which we believe will deliver compelling value for our stakeholders:

- We are a uniquely integrated energy company, with a balanced portfolio comprising Retail, Optimisation and Infrastructure activities.
- We expect to deliver around £800m of sustainable adjusted operating profit on average each year from Retail and Optimisation by 2026, underpinned by a strong operational foundation, with additional cash flows from Infrastructure over the medium-term.
- A green-focused investment strategy building to capital investment of £600m-£800m per annum until 2028, aligned to the changing energy system, delivering net zero for Centrica by 2045 and our customers by 2050.
- Focus on maintaining balance sheet strength and delivering compelling shareholder returns.

We have made good progress on each element of our strategy in the first half of 2024.

Positioning ourselves for a changing energy system

The energy system continues to evolve. Electricity demand in our core markets is set to materially increase by 2050, driven by the electrification of transport and residential heating, as well as emerging demand from areas such as data centres. Meanwhile, power grids are expected to become more complex, with an ever increasing reliance on greener, but more intermittent, renewable generation capacity. Customers are also becoming increasingly engaged in home energy management, which in turn will drive increased demand for innovative customer propositions.

Our unique portfolio is set up to benefit from many of these trends today, and these dynamics also provide us with significant future opportunities aligned to our strategy and net zero ambitions.

Strong operational performance

We have continued to improve operational performance in the first half of 2024, giving us confidence that the changes we have made are being embedded in our business.

Colleague engagement of 8.1 is now in the top quartile across our industry, underpinned by a continued strong focus on safety as well as our redefined purpose, 'Energising a greener, fairer future', which we launched earlier this year.

In turn, our colleagues are helping to deliver stronger operational metrics and better customer experience, with customer satisfaction scores improving across Retail, supported by hiring additional customer facing colleagues. In British Gas Energy, this has also been helped by the continued migration of customers to the Ignition platform, with the majority of residential customers now on the new platform. We have retained our 4 star Trustpilot score, while we were recently awarded the Uswitch Energy Awards Best Overall Improvement award.

Delivering for our customers

Improved operational performance is feeding into better customer retention. In British Gas Services & Solutions, annualised retention at the end of June was up 5ppts relative to the end of last year, as we

better demonstrate the value of our products and services to customers. Strong retention provides the platform for growth, and our focus now is moving increasingly to attracting new customers.

We have recruited a new Chief Customer Officer to focus on maximising commercial value across the portfolio. Alongside 'PeakSave', we have increased our innovative time-based tariffs with propositions such as British Gas Electric Vehicle and the Mighty Weekender Smart Plan from Bord Gáis Energy in Ireland. We are also continuing to build the home energy ecosystem of the future, powered by our Hive Honeycomb technology platform, recently adding Hive Solar.

Alongside this, our new Chief Data and Analytics Officer will help to drive insight and value from the unique data we have access to across our portfolio.

Investing for value

We continue to make progress with our green-focused investment plan, investing across customer technology and flexible and renewable power assets, although the investment environment has proved more challenging recently and the pace of deployment in the first half of 2024 is slower than we hoped.

We will remain disciplined with our investments, focused firstly on delivering attractive returns of 7-10%+ on average, over simply pursuing scale. We have a significant opportunity set under consideration, and will only progress the most attractive projects through our rigorous investment review process. We remain confident of building up investment, with an expected increase in the second half of 2024.

In December 2023 we installed the first Centrica smart meter under our in-house Meter Asset Provider (MAP) business, and we are continuing to focus on growing this business. We have a clear capital deployment pathway given our 7.5m residential customer base and in-house installation capacity, and we plan to increase investment in this area to £100m-£150m per annum through to at least 2035, with an expected nominal post-tax unlevered return of 8%+.

In addition to the ~600MW of flexible and renewable capacity we have currently in operation, we continue to build our pipeline of power assets, now with ~800MW in detailed plans and delivery, of which almost 500MW is under construction.

Included within this are our two 100MW flexible gas peaking plants in the constrained Irish power market, with total investment of ~€350m, of which our share is 80%. Completion is anticipated to be around the middle of 2025, with an expected nominal post-tax unlevered return of 9%, underpinned by attractive 10-year capacity market payments.

At Brigg Energy Park, in addition to the operational ~50MW peaking plant, we are building a second ~50MW peaking plant, alongside a two hour 50MW battery, both with an expected return of 8%.

Building a portfolio of long-term growth options alongside existing Infrastructure

In Nuclear, following life extension approvals, Heysham 1 and Hartlepool will operate until at least March 2026, two years later than previously forecast. We continue to review further possible extensions to the lives of those stations and the other two Advanced Gas-cooled Reactor (AGR) power stations, Heysham 2 and Torness, which are currently due to close in March 2028. This ambition, announced in January 2024, is subject to inspections and regulatory approvals, with a decision expected to be taken by the end of 2024.

In Spirit Energy, we continue to examine options for carbon capture and storage at Morecambe. In 2023, we were granted a carbon storage licence and signed a memorandum of understanding with the Peak Cluster to explore carbon storage for major cement and lime plants located in the Peak District. We continue to progress the project, having secured a seismic survey vessel to further expand our geographic knowledge of the assets.

We retain the option to invest ~£2 billion to transform Rough into one of the world's biggest methane and hydrogen storage facilities.

These projects remain contingent on suitable regulatory models being established, and we look forward to working with the new UK Government to demonstrate the value of these assets in a net zero future and to progress these projects.

In June 2024 we announced a strategic partnership with Highview Power, focused on developing the first commercial-scale Liquid Air Energy Storage plant in the UK. This is an attractive investment on a standalone basis and, in addition we have secured rights to equity participation and energy optimisation from Highview's project pipeline.

In Ireland, alongside reviewing the potential for Europe’s first ever ammonia-fired power station at our Whitegate site with Mitsubishi Power Europe and joining the Kestrel Energy storage project in 2023, we announced a strategic partnership with Corio Generation in May 2024, exploring offshore wind opportunities in the country.

These projects provide us with long-term, net zero aligned optionality, would create thousands of skilled jobs, and support energy security both in the UK and Ireland.

Balance sheet resilience and compelling shareholder returns

Our balance sheet remains strong, underpinning our long term liabilities such as the pension deficit and decommissioning obligations, while also providing us with opportunities to capture value across the existing portfolio and fund our investment plan.

We remain committed to our progressive dividend policy and expect that dividend cover will move to around 2x over the coming years, supported by the sustainable core earnings of the Group. We have today announced an increase in the interim dividend to 1.5p per share from 1.33p per share. Any additional distributions will be reviewed against our capital needs, investment opportunity set and the future outlook, and that process has led us to announce a further £200m extension to the share buyback programme today.

ENGAGING IN REGULATORY CHANGES

A changing energy market requires regulation that continues to be fit for purpose for all stakeholders, giving full confidence in the robustness of the market and encouraging investment in the future.

We have seen a number of positive steps in the UK, including Ofgem establishing new policies to speed up electricity grid connections. This will clear the path for viable projects, including those as part of our growth and investment strategy.

The UK Government’s Review of Electricity Market Arrangements (REMA) is continuing, which includes an option to split the GB-wide wholesale price into smaller zones. We will continue to advocate for an “enhanced national” GB electricity market, which will provide the revenue certainty required for investment in electricity generation and storage assets. Many of the future investment opportunities Centrica is considering will also be facilitated by bespoke government and regulatory frameworks. We will continue to engage on the design of these frameworks with the new government, emphasising the need for stability of returns over the lifetime of investment projects if we are to invest.

On Retail, we will continue to advocate for positive changes for customers such as the introduction of a social tariff, removal of regional price variations and scrapping standing charges for customers on the price cap in the UK. We have already seen the introduction of new financial resilience requirements by Ofgem which will promote the stability of the retail market, and we are supportive of new capital requirements which will come into force from 1 April 2025.

We also welcome the UK Government's intention to consult businesses on their proposed New Deal for Working People. As an employer with over 20,000 colleagues, this is an opportunity to share our expertise in this space. We believe we already either meet or go beyond most of the reforms outlined to date, and we look forward to playing an active role in the consultation process.

STRONG FINANCIAL DELIVERY

Adjusted operating profit was £1.0bn (H1 2023: £2.1bn), while statutory operating profit was £1.7bn (H1 2023: £6.5bn). The breakdown of operating profit is shown below:

SIX MONTHS ENDED 30 JUNE (£M)	2024	2023
Retail	**237**	962
British Gas Services & Solutions	35	20
British Gas Energy	159	969
Residential energy supply	*156*	*913*
Small business energy supply	*3*	*56*
Bord Gáis Energy	43	(27)
Optimisation	**287**	471
Centrica Business Solutions	55	87
Energy supply	*73*	*107*
Energy services and assets	*(18)*	*(20)*
Centrica Energy	232	384
Infrastructure	**522**	654
Spirit Energy	245	108
Centrica Energy Storage+	53	251
Nuclear	224	295
Colleague profit share	(11)	(4)
Operating profit from business performance (Adjusted operating profit)	**1,035**	2,083
Exceptional items and certain re-measurements	642	4,379
Group operating profit (Statutory operating profit)	**1,677**	6,462

Retail profit was lower against the comparative period, largely reflecting no recurrence of the one-off cost recovery through the regulatory price cap mechanism in British Gas Energy in 2023. In Optimisation, Centrica Energy delivered a robust first half performance, although operating profit was lower year-on-year reflecting reduced commodity prices and volatility. Infrastructure profit was lower, largely reflecting lower seasonal gas price spreads for Centrica Energy Storage+ and lower achieved prices in Nuclear.

Reflecting the above, and a reduced share count due to share buybacks, adjusted basic earnings per share (EPS) was 12.8p (H1 2023: 25.8p).

Statutory basic EPS was 25.1p (H1 2023: 73.0p) and includes the impact of £0.6bn (H1 2023: £4.4bn) of exceptional items and certain re-measurements in operating profit relating to the unwind of unrealised positions, as well as £0.1bn (H1 2023: £nil) of exceptional net finance costs recognised in relation to refinancing and debt repurchase activities.

Free cash flow (FCF) was £0.8bn (H1 2023: £1.4bn). This reflects adjusted EBITDA of £1.1bn (H1 2023: £2.3bn), and £0.2bn dividends received from our Nuclear investment (H1 2023: £0.1bn).

There was a net adjusted working capital inflow of £16m (H1 2023: £360m outflow), with largely offsetting movements across the portfolio. This included a £537m outflow (H1 2023: £1,555m outflow) in British Gas Energy, mainly reflecting the settlement of December 2023 commodity costs in January 2024. In Centrica Energy, inflows of £249m (H1 2023: £765m inflow) were driven by the realisation of prior year profits, and Centrica Energy Storage+ inflows of £214m (H1 2023: £160m) were predominantly driven by withdrawal and sales of gas in storage.

Capital expenditure increased to £221m (H1 2023: £190m), while cash decommissioning payments were £31m (H1 2023: £86m).

Statutory net cash flow from operating activities was £0.8bn (H1 2023: £2.5bn), including £0.1bn of margin cash and collateral inflow (H1 2023: £1.1bn).

Net interest was a cash inflow of £14m (H1 2023: £3m cash outflow), driven by our strong net cash position and higher interest rates.

Reflecting these movements, the Group had closing adjusted net cash for the period of £3.2bn (December 2023: £2.7bn). The reconciliation between statutory gross debt and adjusted net cash is shown on page 18.

Given our continued strong cash generation, we have announced an increase in the interim dividend to 1.5p per share from 1.33p. We have also today announced a £200m extension to the share buyback programme which started in November 2022, taking the total to £1.2bn. This programme is expected to run until around the end of February 2025.

For more detail on the Group's 2024 financial performance, please see the Group Financial Review (pages 15-19).

RETAIL

In Retail, investment in our operations and customer service has delivered improved performance metrics, with lower complaints and improving NPS across our businesses. Total Retail adjusted operating profit was £237m (H1 2023: £962m), with improved results for both British Gas Services & Solutions and Bord Gáis Energy offset by no repeat of the one-off prior period cost recovery in British Gas Energy.

British Gas Services & Solutions

SIX MONTHS ENDED 30 JUNE	2024	2023	Change
Operational			
Services & Solutions customers ('000) (closing) (i) (ii)	**2,924**	2,950	(1%)
On-demand jobs ('000) (iii)	**124**	84	48%
Boiler installs ('000)	**42**	49	(14%)
Services complaints per customer (%) (iv)	**2.6%**	3.3%	(21%)
Services Engineer NPS (i) (v)	**73**	71	2pt
Financial			
Adjusted EBITDA (£m)	**57**	43	33%
Adjusted operating profit (£m)	**35**	20	75%
Operating profit margin (%)	**4.6%**	2.6%	77%

All 2024 metrics and 2023 comparators are for the 6 months ended 30 June unless otherwise stated.

(i) 2023 comparator at 31 December 2023.

(ii) Services & Solutions customers are defined as single households having a contract or an on-demand job with British Gas Services & Solutions.

(iii) On-demand jobs are defined as Services & Repair one-off on-demand repairs, home improvements and maintenance. Prior year H1 2023 comparator restated to remove jobs relating directly to a protection contract. This was reflected at FY 2023, which remains as reported.

(iv) Total complaints, measured as any expression of dissatisfaction where material distress, inconvenience or financial loss is identified, as a percentage of average customers over the period.

(v) 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 embedded strong operational performance, driving improvements in customer satisfaction and establishing the platform for growth.

Reschedule rates remain low at 3% (2023: 3%), this has helped underpin improvements in customer satisfaction, with engineer NPS of 73 rising 2pts and complaints per customer falling by 21% to 2.6%.

Customer numbers were lower in the first half of 2024, although the rate of decline has improved versus historical trends, with annualised Services contracted customer retention increasing to 87%, up from 82% at the end of 2023. Annualised revenue per customer increased to £318, from £310 at the end of last year, as we focused on retaining higher value customers.

Boiler installs fell in what is currently a challenging market reflecting continuing cost of living pressures for households. However, we continue to make good progress on growing into the on-demand market, with jobs increasing by 48% to 124,000.

Financial Performance
Adjusted operating profit was £35m (H1 2023: £20m), reflecting improved productivity, and growth in on-demand, partially offset by lower boiler installations and continued investment in Net Zero.

British Gas Energy

SIX MONTHS ENDED 30 JUNE	2024	2023	Change
Operational			
Residential energy customers (‘000) (closing) (i) (ii)	**7,476**	7,529	(1%)
Small business customer sites (‘000) (closing) (i)	**541**	552	(2%)
Energy complaints per customer (%) (iii)	**5.5%**	7.7%	(29%)
Energy Touchpoint NPS (i) (iv)	**25**	17	8pt
Financial			
Cost per residential energy customer (excl. bad debt) (£) (i)	**97**	91	7%
Adjusted EBITDA (£m)	**180**	999	(82%)
Adjusted operating profit (£m)	**159**	969	(84%)
Operating profit margin (%)	**2.4%**	8.2%	(71%)

All 2024 metrics and 2023 comparators are for the 6 months ended 30 June unless otherwise stated.
(i) 2023 comparator at 31 December 2023.
(ii) Residential energy customers are defined as single households buying energy from British Gas.
(iii) Total complaints, measured as an expression of dissatisfaction in line with submissions made to Ofgem, as a percentage of average customers over the period.
(iv) 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.

Customer migration to the new Ignition platform is progressing well, with more than 75% of customers now on the new platform. We are delivering higher levels of customer satisfaction, with NPS of 25 up 8pts compared to 2023 and almost double what it was just 18 months ago, alongside a 29% reduction in complaints per customer to 5.5%. We aim to substantially complete our customer migration to the new platform by 2025.

Customer numbers have remained broadly flat since the start of the year, and 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 and making clear progress, having recently been recognised for "Best Overall Improvement" in the Uswitch Energy Awards.

Financial Performance
Reflecting our investment in customer service, annualised cost per residential energy customer (excluding bad debt) increased to £97 from £91 at the end of the year. Within this, dual running costs from system migration were £10.

Adjusted operating profit was £159m (H1 2023: £969m). This reflects a non-repeat of the H1 2023 cost recovery of approximately £500m largely associated with unanticipated Standard Variable Tariff demand in 2022, as well as lower commodity prices and associated volatility, leading to decreased procurement optimisation opportunities and lower unit margins.

This was partially offset by a lower bad debt charge of £240m (H1 2023: £284m). The reduction was supported by a more stable macroeconomic environment alongside lower prices, although the bad debt charge remains elevated against historic levels.

Bord Gáis Energy

SIX MONTHS ENDED 30 JUNE	2024	2023	Change
Operational			
Customers ('000) (closing) (i)	**514**	503	2%
Complaints per customer (%) (ii)	**0.5%**	1.1%	(55)%
Journey NPS (i) (iii)	**35**	18	17pt
Financial			
Adjusted EBITDA (£m)	**51**	(17)	nm
Adjusted operating profit/(loss) (£m)	**43**	(27)	nm

All 2024 metrics and 2023 comparators are for the 6 months ended 30 June unless otherwise stated.

(i) 2023 comparator at 31 December 2023.

(ii) Total complaints, measured as any oral or written expression of dissatisfaction, as a percentage of average customers over the period.

(iii) Weighted NPS for the main customer interaction channels.

Operational Performance

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

We continue to invest in customer service, achieving a consistent reduction in the number of complaints per customer, from 1.1% in the first half of 2023 to 0.5%, and a significant improvement in NPS levels to 35, up 17pts in the period. Customer numbers grew by 2% over the period, fully recovering losses from the second half of 2023, despite increased price competition.

We continue to progress the construction of our two hydrogen-ready 100MW flexible natural gas peaking plants in Athlone and Dublin, with the projects now around 70% complete. The total investment will be approximately €350m (Centrica share 80%), and we expect the plants to be commissioned by around the middle of 2025. These will deliver security of supply while facilitating Ireland's transition to renewable energy. Meanwhile, a joint venture with Corio Generation was announced in May 2024 to examine the development of offshore wind.

Financial Performance

Adjusted operating profit increased to £43m (2023: £27m loss), as the energy market moved towards a more normalised operating environment. The continued easing in commodity costs allowed us to begin returning supply margins towards more sustainable levels, while affording the opportunity to pass on price reductions to customers. This was partially offset by reduced volatility in the energy market, providing fewer optimisation opportunities.

OPTIMISATION

In Optimisation, we continue to develop and leverage our international physical positions and world class capabilities. Adjusted operating profit remained strong at £287m but was lower than the prior year (H1 2023: £471m) against a backdrop of lower volatility and prices in commodity markets.

Centrica Business Solutions (CBS)

SIX MONTHS ENDED 30 JUNE	2024	2023	Change
Operational			
Energy supply total gas and electricity volume (TWh)	**8.8**	11.7	(25%)
Energy supply complaints per customer (%) (ii)	**4.1%**	7.2%	(43%)
Energy supply Touchpoint NPS (i) (iii)	**36**	32	4pt
Services order intake (£m)	**78**	102	(24%)
Net investment (£m)	**80**	51	57%
Financial			
Adjusted EBITDA (£m)	**66**	103	(36%)
Adjusted operating profit (£m)	**55**	87	(37%)
Operating profit margin (%)	**4.0%**	4.4%	(9%)

All 2024 metrics and 2023 comparators are for the 6 months ended 30 June unless otherwise stated.

(i) 2023 comparator at 31 December 2023.

(ii) Total complaints, measured as any oral or written expression of dissatisfaction, as a percentage of average customers over the period.

(iii) Measured independently, through individual questionnaires and the customer's willingness to recommend.

Operational Performance

In Centrica Business Solutions 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 continue to shift our focus away from supplying energy to the lower margin, large-scale Commercial and Industrial sector, with total volumes falling 25% as a result. However, within this, volumes supplied to medium sized enterprises grew 5% to 6.4TWh (H1 2023: 6.1TWh).

Complaints per customer improved significantly in the period from 7.2% to 4.1%, against the backdrop of reduced commodity prices and our continued focus on delivering high levels of customer service. This also contributed to an improved NPS score of 36, up 4pts.

Whilst Services order intake was lower than in H1 2023, the strength of our near-term pipeline gives us confidence as we move into the second half of 2024.

Net investment in CBS was £80m (H1 2023: £51m) as we continued with a range of solar, battery and gas-peaking investments. We now have around 620MW of assets in detailed planning or delivery in the UK and Continental Europe, with total operational capacity of 152MW. Also included within net investment was a £25m investment in convertible loan notes in Highview Power, as part of our strategic partnership focused on commercialising new liquid air energy storage technology.

Financial Performance

Adjusted operating profit decreased to £55m (H1 2023: £87m), reflecting a non-repeat of strong commodity procurement performance seen in H1 2023 in more volatile markets, as well as warmer weather. Within this, business energy supply operating profit was £73m (H1 2023: £107m), while Services and Assets posted a slightly improved operating loss of £18m (H1 2023: £20m loss).

Centrica Energy

SIX MONTHS ENDED 30 JUNE	**2024**	2023	Change
Operational			
Renewable and flexible capacity under management (GW) (i) (ii)	**15.5**	16.3	(5%)
Financial			
Adjusted EBITDA (£m)	**252**	410	(39%)
Adjusted operating profit (£m)	**232**	384	(40%)
Operating profit margin (%)	**7.6%**	8.7%	(13%)

All 2024 metrics and 2023 comparators are for the 6 months ended 30 June unless otherwise stated.

(i) 2023 comparator at 31 December 2023.

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

Operational Performance

Centrica Energy (previously Energy Marketing & Trading) 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 15.5GW, declining slightly against the comparator period as short term contracts rolled off across Europe, partially offset by the addition of assets in the Baltics, a new market for us.

Financial Performance

Centrica Energy delivered a robust first half performance in a more normalised operating environment. Adjusted operating profit was £232m (H1 2023: £384m), reflecting lower levels of commodity prices and reduced market volatility which impacted our trading and route-to-market businesses. LNG remained broadly flat, benefiting from tailwinds from previous years and the in-built flexibility and optionality in the portfolio.

Included within adjusted operating profit is a £12m loss from the Sole Pit legacy gas contract (H1 2023: £39m loss), with further losses from the contract at current forward prices expected to be around £20m in total until September 2025, when the contract ends.

INFRASTRUCTURE

Our Infrastructure businesses consist of our 69% ownership in Spirit Energy, our 20% investment in the UK's existing nuclear fleet, and Centrica Energy Storage+ (CES+), the operator of the UK's largest gas storage facility, Rough. Adjusted operating profit was £522m (H1 2023: £654m), reflecting lower volumes and commodity prices and, for CES+, lower seasonal gas price spreads.

Spirit Energy

SIX MONTHS ENDED 30 JUNE	2024	2023	Change
Operational			
Gas production volumes (mmth)	**384**	471	(18%)
Liquids production volumes (mmboe)	**0.5**	0.5	nm
Total production volumes (mmboe)	**6.9**	8.4	(18%)
Financial			
Average achieved gas sales prices (p/therm)	**136**	84	62%
Average achieved liquid sales prices (£/boe)	**58**	46	26%
Lifting and other cash production costs (£/boe) (i)	**22.5**	21.4	5%
Gas and liquids realisations (£m) (ii)	**562**	427	32%
Unit DDA rate (£/boe)	**22.6**	18.4	23%
Adjusted EBITDA (£m)	**401**	263	52%
Adjusted operating profit (£m)	**245**	108	127%

All 2024 metrics and 2023 comparators are for the 6 months ended 30 June 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 net of Spirit NTS costs.

Operational Performance

Total volumes from the Spirit Energy assets were down 18%, largely reflecting production outages at Morecambe during May and June which have subsequently been resolved.

Financial Performance

Adjusted operating profit was £245m (H1 2023: £108m), with higher achieved prices, underpinned by our hedging strategy, more than offsetting lower production. Lifting and other cash production costs were slightly higher per barrel due to lower production, partially offset by other factors, including a reduced decommissioning charge. 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 2024 to 2026 are outlined below:

	H2 2024	2025	2026
Volume hedged (mmths)	230	304	94
Average hedged price (p/th)	154	120	88

Centrica Energy Storage+

SIX MONTHS ENDED 30 JUNE	2024	2023	Change
Operational			
Availability(i)	**92%**	93%	(1%)
Financial			
Adjusted EBITDA (£m)	**54**	256	(79%)
Adjusted operating profit (£m)	**53**	251	(79%)

All 2024 metrics and 2023 comparators are for the 6 months ended 30 June unless otherwise stated.
(i) Measured as a percentage of demand.

Operational Performance

Centrica Energy Storage+ delivered good operational reliability from the Rough asset and Easington gas processing plant. Rough continues to operate with 54bcf capacity and a third party exemption until at least 2030. We continue to develop plans to enable us to increase capacity at the asset, and ultimately convert it into a hydrogen storage facility, with any material investment subject to an appropriate regulatory support mechanism being put in place.

Financial Performance

Centrica Energy Storage+ delivered adjusted operating profit of £53m (H1 2023: £251m), reflecting lower seasonal gas price spreads and reduced volatility.

Nuclear

SIX MONTHS ENDED 30 JUNE	2024	2023	Change
Operational			
Nuclear power generated (GWh)	**3,612**	3,648	(1%)
Financial			
Nuclear achieved power price (£/MWh)	**157**	187	(16%)
Adjusted EBITDA (£m)[(i)]	**66**	227	(71%)
Adjusted operating profit (£m)	**224**	295	(24%)

All 2024 metrics and 2023 comparators are for the 6 months ended 30 June unless otherwise stated.

(i) Excludes Centrica's share of associate EBITDA of £303m (H1 2023: £156m).

Operational Performance

Centrica's share of Nuclear generation volumes was 1% lower than H1 2023, reflecting extended outages at Heysham 1 and Hartlepool in the first quarter, partially offset by re-phasing other planned outages across the portfolio.

Financial Performance

Nuclear adjusted operating profit was £224m (H1 2023: £295m), driven predominantly by lower achieved prices net of associated impacts from the Electricity Generator Levy and tax.

Total Electricity Generator Levy included for the first half was £124m (H1 2023: £180m), of which £57m (H1 2023: £180m) is included in the Group's cost of sales, with a further £67m (H1 2023: £nil) recorded in the Group's share of profit after tax from its Nuclear associate.

Details of our forward hedging positions for 2024 to 2026 are outlined below:

	H2 2024	2025	2026
Volume hedged (TWh)	2.9	3.5	0.5
Average hedged price (£/MWh)	117	92	81

GROUP FINANCIAL REVIEW

REVENUE

Group revenue included in business performance, which includes revenue arising on contracts in scope of IFRS9 (see note 4(b) for further details), decreased by 35% to £13,284m (2023: £20,486m). This was driven largely by the impact of lower commodity prices, volatility, and lower seasonal gas price spreads on our Infrastructure businesses, British Gas Energy and Centrica Energy.

Gross segment revenue, which includes revenue generated from the sale of products and services between segments, decreased by 35% to £14,046m (2023: £21,691m). Group statutory revenue decreased by 36% to £10,541m (2023: £16,515m).

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

OPERATING PROFIT, EARNINGS AND DIVIDEND

SIX MONTHS ENDED 30 JUNE (£M)	Notes	**2024**			2023		
		Business performance	**Exceptional items and certain re-measurements**	**Results for the period**	Business performance	Exceptional items and certain re-measurements	Results for the period
Group operating profit	4	**1,035**	**642**	**1,677**	2,083	4,379	6,462
Net finance income/(cost)	7	20	(68)	(48)	(36)	—	(36)
Taxation	8	(342)	65	(277)	(564)	(1,617)	(2,181)
Profit for the period		**713**	**639**	**1,352**	1,483	2,762	4,245
Less: (Profit)/loss attributable to non-controlling interests		(36)	9	(27)	(17)	(78)	(95)
Earnings attributable to shareholders		**677**	**648**	**1,325**	1,466	2,684	4,150

Adjusted operating profit, our primary measure of Group business performance, decreased to £1,035m from £2,083m in 2023. More detail on specific business unit adjusted operating profit performance is provided in the Group Overview on pages 8 to 14.

Statutory operating profit was £1,677m (2023: £6,462m), with the difference between the two measures of profit relating to a net gain on exceptional items and certain re-measurements of £642m (2023: £4,379m).

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 as certain re-measurements as they do not reflect the underlying performance of the business. These re-measurements are subsequently reflected in business performance in future periods when the underlying transaction or asset impacts the Group Income Statement.

The Group operating profit in the statutory results includes a net pre-tax profit of £526m (2023: £4,702m) relating to re-measurements, comprising of:

- A net gain of £572m on the re-measurement of derivative energy contracts. This predominantly reflects the unwind of 2023 out-of-the-money energy supply contract hedges, partially offset by an unwind of our infrastructure businesses and Centrica Energy in-the-money positions from 2023. The net positive impact of this was £565m. In addition, we saw a net gain of £7m from our wider portfolio as we were in a net sell position at certain points in the period as commodity prices marginally decreased.
- A net loss of £46m from the movement in the onerous energy supply contract provision relating to the acquisition of AvantiGas ON Limited in 2022, offsetting net gains arising on delivery of contract for the related acquired derivative assets.

Further details can be found in note 6(a) to the accounts.

Exceptional items included within operating profit

An exceptional pre-tax credit of £116m was recognised within the statutory Group operating profit in the first half of 2024 (2023: charge of £323m), due to an impairment write-back of £116m to our nuclear investment predominantly driven by a refinement in the methodology for long-term commodity price forecasting.

Further details on exceptional items, including the impairment accounting policy, process and sensitivities can be found in notes 6(b) and 6(c) to the accounts.

Net finance cost

Net finance income on business performance was £20m (2023: £36m cost), largely due to an increase in interest income on cash balances reflecting higher UK interest rates, which was partially offset by an increase in interest costs on floating debt.

In addition, £68m of exceptional costs have been recognised in relation to debt repurchase and refinancing exercises. £370m of our 2033 £770m bond has been repurchased in advance of it's 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. 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

Business performance taxation on profit was £342m (2023: £564m). After taking account of our share of tax on joint ventures and associates, the adjusted tax charge was £415m (2023: £586m).

The resultant adjusted effective tax rate for the Group was 37% (2023: 28%), reflecting an increase in the proportion of profits in highly-taxed E&P activities.

Total Electricity Generator Levy included for the first half was £124m (H1 2023: £180m), of which £57m (H1 2023: £180m) is included in the Group's cost of sales, with a further £67m (H1 2023: nil) recorded in the Group's share of profit after tax from its Nuclear associate. The Levy is not an income tax and is not deductible for corporation tax purposes (see note 3(d) and 8 in the accounts). If this had been treated as a tax, the Group's adjusted effective tax rate would have been 43%.

The adjusted effective tax rate calculation is shown below:

SIX MONTHS ENDED 30 JUNE (£M)	2024	2023
Adjusted operating profit	**1,035**	2,083
Add: JV/associate taxation included in adjusted operating profit	**73**	22
Net finance cost	**20**	(36)
Adjusted profit before taxation	**1,128**	2,069
Taxation on profit	**(342)**	(564)
Share of JV/associate taxation	**(73)**	(22)
Adjusted tax charge	**(415)**	(586)
Adjusted effective tax rate (inc. JV)	**37%**	28%

Total certain re-measurements and exceptional items generated a tax credit of £65m (2023: £1,617m charge), which when included with taxation on business performance generated a total taxation charge for the period of £277m (2023: £2,181m).

See notes 3(d) and 8 for more details.

Group earnings

Profit for the period from business performance after taxation was £713m (2023: £1,483m). After adjusting for non-controlling interests relating to Spirit Energy, adjusted earnings attributable to Centrica shareholders were £677m (2023: £1,466m). Adjusted basic EPS was 12.8p (2023: 25.8p), which also included the impact of a lower share count given our share buyback programme.

After including exceptional items and certain re-measurements, the statutory profit attributable to shareholders for the period was £1,325m (2023: £4,150m). The Group reported a statutory basic EPS profit of 25.1p (2023: 73.0p).

Dividend

The proposed interim dividend is 1.5p per share (2023: 1.33p per share).

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 believes 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 £816m in the period (2023: £1,377m), and is reconciled to statutory net cash flow from operating and investing activities in the table below. See note 4(f) for further details.

SIX MONTHS ENDED 30 JUNE (£M)	2024	2023
Statutory cash flow from operating activities	**798**	2,485
Statutory cash flow from investing activities	**183**	13
Statutory cash flow from operating and investing activities	**981**	2,498
Add back/(deduct):		
Purchase of securities	**7**	17
Interest received	**(167)**	(105)
Movements in collateral and margin cash	**(81)**	(1,113)
Defined benefit pension deficit payments	**76**	80
Free cash flow	**816**	1,377

Net cash flow from operating activities decreased to £798m (2023: £2,485m), largely reflecting the impact of lower adjusted EBITDA and margin cash movements.

Adjusted EBITDA decreased to £1,134m (2023: £2,304m), reflecting the movements in adjusted operating profit.

Working capital was a net inflow of £16m (2023: £360m outflow), with largely offsetting movements across the portfolio. This included a £537m outflow (H1 2023: £1,555m outflow) in British Gas Energy, mainly reflecting the settlement of December 2023 commodity costs in January 2024. In Centrica Energy, inflows of £249m (H1 2023: £765m inflow) were driven by the realisation of prior year profits, and Centrica Energy Storage+ inflows of £214m (H1 2023: £160m) were predominantly driven by withdrawal and sales of gas in storage.

Collateral and margin cash was an £81m inflow (2023: £1,113m).

Net cash flow from investing activities increased to a £183m inflow (2023: £13m). Within this, dividends received from associates increased to £240m (2023: £60m) and interest received increased to £167m (2023: £105m). Partially offsetting these positive movements was an increase in our net investment outflow, with more detail included below.

Net cash outflow from financing activities was higher at £997m (2023: £531m), largely reflecting an outflow on net repayment of borrowings of £562m (2023: £66m) driven by the repurchase of £370m of debt instruments, and the replacement of our £450m 2075 hybrid bond with a new £405m 2055 hybrid bond. More details on the net outflow on repayment of borrowings can be found in note 12(b). Financing interest paid increased to £153m (2023: £108m), and the outflow relating to the Group's share buyback programme was £274m (2023: £340m).

Net investment

The net investment outflow for the period was £217m (2023: £135m). Within this, capital expenditure (including small acquisitions) of £221m (2023: £190m) was predominantly driven by investment in flexible and renewable power generation assets across Bord Gáis Energy and Centrica Business Solutions. The table below provides a summary of Group net investment, 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).

SIX MONTHS ENDED 30 JUNE (£M)	2024	2023
British Gas Services & Solutions	**(10)**	(28)
British Gas Energy	**(13)**	-
Bord Gáis Energy	**(49)**	(43)
Centrica Business Solutions	**(80)**	(51)
Centrica Energy	**(30)**	(4)
Nuclear	**-**	-
Spirit Energy	**(16)**	(45)
Centrica Energy Storage+	**(6)**	(10)
Other	**(17)**	(9)
Capital expenditure (including small acquisitions)	**(221)**	(190)
Net disposals	**4**	55
Total Group net investment	**(217)**	(135)
Add back:		
Capitalised borrowing costs	**(2)**	(1)
Inception of new leases and movements in payables and prepayments related to capital expenditure	**(30)**	(45)
Purchases of emissions allowances and renewable obligation certificates	**(338)**	(350)
Deduct:		
Net disposals	**(4)**	(55)
Purchase of businesses, net of cash acquired	**6**	5
Investment in joint ventures and associates	**-**	9
Purchase of other investments (i)	**50**	-
Capital expenditure (per note 4(e))	**(535)**	(572)

i) Includes £25m Centrica Energy investments and £25m Centrica Business Solutions convertible loan note investment in Highview Enterprises Ltd.

Group adjusted net cash

Accordingly, the Group’s adjusted net cash position as at 30 June 2023 was £3,214m, compared to £2,744m on 31 December 2023.The breakdown of net cash is shown below:

(£M)	As at 30 June 2024	As at 31 December 2023
Current and non-current borrowings, leases and interest accruals	**(2,808)**	(3,289)
Derivatives	**(113)**	(119)
Gross debt	**(2,921)**	(3,408)
Cash and cash equivalents, net of bank overdrafts	**5,603**	5,629
Current and non-current securities	**530**	521
Sub-lease assets	**2**	2
Adjusted net cash	**3,214**	2,744

Further details on the Group’s sources of finance and net cash are included in note 12.

Pension deficit

The Group's IAS19 net pension position improved to a £47m surplus as at 30 June 2024 from a £117m deficit at 31 December 2023. This improvement was driven by the impact of pension deficit contributions and an increase in the high quality corporate bond yields used to discount the pension liabilities.

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 September 2022, we reached agreement with the pension trustees on a March 2021 technical provisions deficit of £944m, with annual deficit contributions of £175m until 2026. On a roll-forward basis using the same methodology, consequent assumptions and contributions paid, the technical provision deficit would be around £700m at 30 June 2024, compared to around £900m at 31 December 2023. This improvement can largely be attributed to the impact of pension deficit contributions made during the period and movements in financial markets, in particular an increase in long term real interest rates over the period, which reduced the present value of liabilities.

Further details on post-retirement benefits are included in note 13.

Balance sheet

Net assets increased to £5,281m (31 December 2023: £4,233m), predominantly driven by the statutory profit the Group generated. This was partially offset by the impact of items reported directly in equity, including a £250m reduction from the share buyback programme and an accrual of £141m for the 2023 final dividend, subsequently paid to shareholders on 11 July 2024.

Acquisitions, disposals, disposal groups classified as held for sale and other investments

On 11 June 2024 the Group provided financing to Highview Enterprises Limited in the form of a £45 million senior debt facility which remains undrawn at 30 June 2024. The Group also invested £25 million in convertible loan notes and ordinary shares in respect of this new cryogenic energy storage plant. When built, this will consist of a long duration storage process using patented Liquid Air Energy Storage (LAES) technology.

Further details on assets purchased, acquisitions and disposals are included in notes 4(e) and 11.

EVENTS AFTER BALANCE SHEET DATE

Details of events after the balance sheet date are described in note 17.

RISKS AND CAPITAL MANAGEMENT

The nature of the Group's principal risks and uncertainties are broadly unchanged from those set out in its 2023 Annual Report. In our assessment, credit and liquidity risk has remained stable and volatility in wholesale energy prices has reduced. Market and weather risks have also remained stable given the lower volatility in the commodity markets. In addition, with the change in UK Government the political, legal and regulatory risks remains stable, though we have a keen focus on energy policy and broader corporate issues, such as employment and taxation, where we are tracking manifesto pledges. The external threat landscape for cyber risk remains challenging due to ongoing geopolitical conflicts and the increased incidence of cyber-attacks by state actors or state aligned groups.

The Group continues to monitor and respond to these evolving risks. During the first half of 2024, the Group Credit Risk Management Policy was updated to further enhance its effectiveness and resilience to the changing macro environment. During the period the Group also successfully refinanced the £450m hybrid bond and issued £405m of a new hybrid bond to bolster liquidity levels. We continue to monitor the policy landscape and consider the risks and opportunities to Centrica and engage with the Government on key Centrica priorities. The Group continues to develop its cyber capability and test the preparedness of our defences against cyber-attacks.

Details of how the Group has managed financial risks such as liquidity and credit risk are set out in note 19. Details of the Group's capital management processes are provided under sources of finance in note 12.

ACCOUNTING POLICIES

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

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Interim Results for the six month period ended 30 June 2024 in accordance with applicable law, regulations and accounting standards. In preparing the condensed interim Financial Statements, the Directors are responsible for ensuring that they give a true and fair view of the state of affairs of the Group at the end of the period and the profit or loss of the Group for that period.

The Directors confirm that the condensed interim Financial Statements have been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting", and that the Interim Results includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of the important events that have occurred during the first six months and their impact on the condensed interim Financial Statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months of the year and any material changes in the related party transactions described in the last annual report.

A list of current Directors is maintained on the Centrica plc website which can be found at www.centrica.com.

On behalf of the Board on 24 July 2024

Chris O'Shea	**Russell O'Brien**
Group Chief Executive	**Group Chief Financial Officer**

Independent Review Report to Centrica plc

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises the Group Income Statement, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Group Statement of Changes in Equity, the Group Cash Flow Statement and related notes 1 to 20.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the group a conclusion on the condensed set of financial statements in the half-yearly financial report. Our Conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
London, United Kingdom
24 July 2024

Group Income Statement

Six months ended 30 June	Notes	2024 Business performance £m	2024 Exceptional items and certain re-measurements £m	2024 Results for the period £m	2023 (i) Business performance £m	2023 (i) Exceptional items and certain re-measurements £m	2023 (i) Results for the period £m
Group revenue	4,6	**12,890**	**(2,743)**	**10,147**	20,083	(3,971)	16,112
Insurance services revenue	4	**394**	**—**	**394**	403	—	403
Total Group revenue		**13,284**	**(2,743)**	**10,541**	20,486	(3,971)	16,515
Cost of sales before insurance services cost of sales	6	**(10,911)**	**5,448**	**(5,463)**	(16,927)	12,077	(4,850)
Insurance services cost of sales		**(223)**	**—**	**(223)**	(252)	—	(252)
Re-measurement and settlement of derivative energy contracts	6	**—**	**(2,179)**	**(2,179)**	—	(3,403)	(3,403)
Gross profit	4,6	**2,150**	**526**	**2,676**	3,307	4,703	8,010
Operating costs before insurance services operating costs, exceptional items and credit losses on financial assets		**(869)**	**—**	**(869)**	(819)	—	(819)
Insurance services operating costs		**(152)**	**—**	**(152)**	(164)	—	(164)
Credit losses on financial assets	14	**(252)**	**—**	**(252)**	(309)	—	(309)
Exceptional items – write-back/(impairment) of power assets	6	**—**	**116**	**116**	—	(323)	(323)
Operating costs		**(1,273)**	**116**	**(1,157)**	(1,292)	(323)	(1,615)
Share of profits/(losses) of joint ventures and associates, net of interest and taxation	5	**158**	**—**	**158**	68	(1)	67
Group operating profit	4	**1,035**	**642**	**1,677**	2,083	4,379	6,462
Financing costs	7	**(147)**	**(68)**	**(215)**	(143)	—	(143)
Investment income	7	**167**	**—**	**167**	107	—	107
Net finance income/(cost)	7	**20**	**(68)**	**(48)**	(36)	—	(36)
Profit before taxation		**1,055**	**574**	**1,629**	2,047	4,379	6,426
Taxation on profit	6,8	**(342)**	**65**	**(277)**	(564)	(1,617)	(2,181)
Profit for the period		**713**	**639**	**1,352**	1,483	2,762	4,245
Attributable to:							
Owners of the parent		**677**	**648**	**1,325**	1,466	2,684	4,150
Non-controlling interests		**36**	**(9)**	**27**	17	78	95

Earnings per ordinary share	Notes	2024 **Pence**	2023 Pence
Basic	9	**25.1**	73.0
Diluted	9	**24.6**	72.0
Prior year final dividend liability per ordinary share	10	**2.67**	2.00
Dividend proposed per ordinary share	10	**1.50**	1.33

(i) Revenue and costs arising from insurance contracts are now disclosed separately in accordance with IFRS 17: 'Insurance Contracts'. As a result, prior period revenue, cost of sales and operating costs have been re-presented.

The notes on pages 27 to 65 form part of these condensed interim Financial Statements.

Group Statement of Comprehensive Income

Six months ended 30 June	2024 £m	2023 £m
Profit for the period	1,352	4,245
Other comprehensive income		
Items that will be or have been reclassified to the Group Income Statement:		
Impact of cash flow hedging, net of taxation	(4)	(15)
Exchange differences on translation of foreign operations [(i)]	(22)	(51)
Items that will not be reclassified to the Group Income Statement:		
Net actuarial gains/(losses) on defined benefit pension schemes, net of taxation	55	(89)
Gains on revaluation of equity instruments measured at fair value through other comprehensive income, net of taxation	14	3
Share of other comprehensive income/(loss) of associates, net of taxation	32	(44)
Other comprehensive income/(loss), net of taxation	75	(196)
Total comprehensive income for the period	1,427	4,049
Attributable to:		
Owners of the parent	1,400	3,955
Non-controlling interests	27	94

(i) Exchange differences on translation of foreign operations includes £22 million (2023: £50 million) of losses attributable to the equity holders of the parent, and £nil of losses (2023: £1 million) attributable to non-controlling interests.

The notes on pages 27 to 65 form part of these condensed interim Financial Statements.

Group Statement of Changes in Equity

	Share capital £m	Share premium £m	Retained earnings £m	Other equity £m	**Total £m**	Non-controlling interests £m	**Total equity £m**
1 January 2024	365	2,394	3,274	(2,156)	**3,877**	356	**4,233**
Profit for the period	—	—	1,325	—	**1,325**	27	**1,352**
Other comprehensive income	—	—	—	75	**75**	—	**75**
Total comprehensive income	—	—	1,325	75	**1,400**	27	**1,427**
Employee share schemes and other share transactions	—	—	—	12	**12**	—	**12**
Share buyback programme (note 3)	—	—	—	(250)	**(250)**	—	**(250)**
Shares cancelled in the period (note 3)	(8)	—	(129)	137	**—**	—	**—**
Dividends payable to equity holders (note 10)	—	—	(141)	—	**(141)**	—	**(141)**
30 June 2024	**357**	**2,394**	**4,329**	**(2,182)**	**4,898**	**383**	**5,281**

	Share capital £m	Share premium £m	Retained earnings £m	Other equity £m	Total £m	Non-controlling interests £m	Total equity £m
1 January 2023	365	2,394	(466)	(1,276)	1,017	263	1,280
Profit for the period	—	—	4,150	—	4,150	95	4,245
Other comprehensive loss	—	—	—	(195)	(195)	(1)	(196)
Total comprehensive income/(loss)	—	—	4,150	(195)	3,955	94	4,049
Employee share schemes and other share transactions	—	—	—	19	19	—	19
Share buyback programme (note 3)	—	—	—	(300)	(300)	—	(300)
Dividends payable to equity holders (note 10)	—	—	(113)	—	(113)	—	(113)
Distributions to non-controlling interests	—	—	—	—	—	(17)	(17)
30 June 2023	365	2,394	3,571	(1,752)	4,578	340	4,918

The notes on pages 27 to 65 form part of these condensed interim Financial Statements.

Group Balance Sheet

	Notes	30 June 2024 £m	31 December 2023 £m
Non-current assets			
Property, plant and equipment		**1,767**	1,846
Interests in joint ventures and associates		**969**	903
Other intangible assets		**357**	340
Goodwill		**401**	405
Deferred tax assets		**213**	456
Trade and other receivables, and contract-related assets	14	**210**	210
Derivative financial instruments	15	**402**	899
Retirement benefit assets	13	**186**	64
Other investments	15	**123**	61
Securities	12	**125**	116
		4,753	5,300
Current assets			
Trade and other receivables, and contract-related assets	14	**4,088**	5,409
Other intangible assets		**559**	293
Inventories		**803**	1,079
Derivative financial instruments	15	**1,361**	2,373
Current tax assets		**46**	64
Securities	12	**405**	405
Cash and cash equivalents	12	**6,051**	6,443
		13,313	16,066
Total assets		**18,066**	21,366
Current liabilities			
Derivative financial instruments	15	**(722)**	(2,391)
Trade and other payables, and contract-related liabilities		**(5,535)**	(7,000)
Insurance contract liabilities		**(166)**	(165)
Current tax liabilities		**(256)**	(299)
Provisions for other liabilities and charges		**(254)**	(279)
Bank overdrafts, loans and other borrowings	12	**(606)**	(1,002)
		(7,539)	(11,136)
Non-current liabilities			
Deferred tax liabilities		**(181)**	(424)
Derivative financial instruments	15	**(476)**	(615)
Trade and other payables, and contract-related liabilities		**(378)**	(207)
Provisions for other liabilities and charges		**(1,422)**	(1,469)
Retirement benefit obligations	13	**(139)**	(181)
Bank loans and other borrowings	12	**(2,650)**	(3,101)
		(5,246)	(5,997)
Total liabilities		**(12,785)**	(17,133)
Net assets		**5,281**	4,233
Share capital		**357**	365
Share premium		**2,394**	2,394
Retained earnings		**4,329**	3,274
Other equity		**(2,182)**	(2,156)
Total shareholders' equity		**4,898**	3,877
Non-controlling interests		**383**	356
Total shareholders' equity and non-controlling interests		**5,281**	4,233

The notes on pages 27 to 65 form part of these condensed interim Financial Statements.

Group Cash Flow Statement

Six months ended 30 June	Notes	2024 £m	2023 £m
Group operating profit including share of results of joint ventures and associates		**1,677**	6,462
Deduct share of profits of joint ventures and associates, net of interest and taxation	5	**(158)**	(67)
Group operating profit before share of results of joint ventures and associates		**1,519**	6,395
Add back/(deduct):			
Depreciation and amortisation	4	**256**	287
(Write-backs)/impairments	4,6	**(115)**	325
Gain on disposals		**(4)**	—
Decrease in provisions		**(18)**	(1,035)
Cash contributions to defined benefit schemes in excess of service cost income statement charge		**(92)**	(96)
Employee share scheme costs		**23**	15
Unrealised gains arising from re-measurement of energy contracts		**(288)**	(3,074)
Operating cash flows before movements in working capital relating to business performance and payments relating to taxes, exceptional charges and operating interest		**1,281**	2,817
Decrease in inventories		**272**	560
Decrease in trade and other receivables and contract-related assets relating to business performance		**1,323**	3,328
Decrease in trade and other payables and contract-related liabilities relating to business performance		**(1,744)**	(3,806)
Operating cash flows before payments relating to taxes, exceptional charges and operating interest		**1,132**	2,899
Taxes paid		**(323)**	(402)
Operating interest paid	7	**(8)**	(8)
Payments relating to exceptional charges in operating costs	6	**(3)**	(4)
Net cash flow from operating activities		**798**	2,485
Purchase of businesses, net of cash acquired		**(6)**	(5)
Sale of businesses, including receipt of deferred consideration		**4**	55
Purchase of property, plant and equipment and intangible assets	4	**(165)**	(176)
Investments in joint ventures and associates		**—**	(9)
Dividends received from joint ventures and associates	5	**240**	60
Interest received		**167**	105
Purchase of other investments		**(50)**	—
Purchase of securities	12	**(7)**	(17)
Net cash flow from investing activities		**183**	13
Payments for own shares		**(8)**	—
Share buyback programme		**(274)**	(340)
Cash inflow from borrowings	12	**410**	886
Distributions to non-controlling interests		**—**	(17)
Financing interest paid	12	**(153)**	(108)
Cash outflow from repayment of borrowings and capital element of leases	12	**(972)**	(952)
Net cash flow from financing activities		**(997)**	(531)
Net (decrease)/increase in cash and cash equivalents		**(16)**	1,967
Cash and cash equivalents including overdrafts as at 1 January		**5,629**	4,242
Effect of foreign exchange rate changes	12	**(10)**	(79)
Cash and cash equivalents including overdrafts at 30 June	12	**5,603**	6,130
Included in the following line of the Group Balance Sheet:			
Cash and cash equivalents	12	**6,051**	7,039
Overdrafts included within current bank overdrafts, loans and other borrowings	12	**(448)**	(909)

The notes on pages 27 to 65 form part of these condensed interim Financial Statements.

Notes to the condensed interim Financial Statements

Notes to the condensed interim Financial Statements provide additional information required by statute, accounting standards or Listing Rules to explain a particular feature of the condensed interim Financial Statements. These condensed interim Financial Statements should be read in conjunction with the information that was released in the Group's consolidated Financial Statements for the year ended 31 December 2023.

1. General information

Centrica plc (the 'Company') is a public company limited by shares, domiciled and incorporated in the UK, and registered in England and Wales. The address of the registered office is Millstream, Maidenhead Road, Windsor, Berkshire, SL4 5GD. The Company has its listing on the London Stock Exchange. The Company, together with its subsidiaries, comprise the 'Group'.

The condensed interim Financial Statements for the six months ended 30 June 2024 included in this announcement were authorised for issue in accordance with a resolution of the Board of Directors on 24 July 2024.

These condensed interim Financial Statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2023 were approved by the Board of Directors on 14 February 2024 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006. The financial information contained in these condensed interim Financial Statements is unaudited. The Group Income Statement, Group Statement of Comprehensive Income, Group Statement of Changes in Equity, Group Cash Flow Statement for the interim period to 30 June 2024, the Group Balance Sheet as at 30 June 2024, and the related notes have been reviewed by the auditors and their report to the Company is set out on page 21.

2. Basis of preparation

These condensed interim Financial Statements for the six months ended 30 June 2024 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34: 'Interim financial reporting', as adopted by the United Kingdom.

These condensed interim Financial Statements should be read in conjunction with the Group's consolidated Financial Statements for the year ended 31 December 2023, which were prepared in accordance with UK-adopted International Accounting Standards and, if relevant, with International Financial Reporting Standards as issued by the IASB and in conformity with the requirements of the Companies Act 2006. The Group's consolidated Financial Statements for the year ending 31 December 2024 will be prepared in accordance with the United Kingdom adopted International Financial Reporting Standards.

Preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense. Actual amounts may differ from these estimates. In preparing these condensed interim Financial Statements, the significant judgements, estimates and assumptions made by management in applying the Group's accounting policies were consistent with those applied in the Group's consolidated Financial Statements for the year ended 31 December 2023, unless amended by the application of new accounting policies, standards or interpretations, or as a result of changes in estimation uncertainty or judgements as described in note 3.

Taxes on income in the interim period are accrued using tax rates that would be applicable to expected total annual earnings for each relevant source of income.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future, and have performed a going concern assessment at 30 June 2024 encompassing a period of more than twelve months from the date of approval of these accounts. Cash forecasts for the Group have been stress-tested for different scenarios including reasonably possible increases/decreases in commodity prices and the risk scenarios described in the viability statement, assessing reasonably possible combinations of risks, the largest of which is the increased margin outflows in our trading and upstream businesses. Risks considered also include the impact of significant adverse weather events, financial loss due to counterparty default, underperformance of the trading business, production falls in the Group's upstream business, the withdrawal of collateral facilities, cyber risk and bad debt risk. The persistent volatility of the external risk environment in recent years underscores the significance of securing ample financial facilities, placing a heightened emphasis on trading entities to maintain sufficient collateral for mark-to-market positions. The Group continues to manage the Group's financing profile through accessing a diverse source of term funding and maintaining access to carefully assessed levels of standby liquidity which support the Group's planned financial commitments. The level of undrawn committed bank facilities and available cash resources has enabled the Directors to conclude that there are no material uncertainties relating to going concern. As a result, the Group continues to adopt the going concern basis of accounting in preparing the financial statements. Further information on the Group's strong liquidity position, including its indebtedness and available committed facilities, is provided in notes 12 and 19.

3. Accounting policies

This section details new accounting policies, standards, amendments and interpretations, whether these are effective in 2024 or later years, and if and how these are expected to impact the financial position and performance of the Group. In addition, this section sets out the Group's specific accounting measures applied in the preparation of the condensed interim Financial Statements.

The accounting policies applied in these condensed interim Financial Statements are consistent with those used in the preparation of the Group's consolidated Financial Statements for the year ended 31 December 2023, as described in those annual Financial Statements, with the exception of policies, standards, amendments and interpretations effective as of 1 January 2024 and other changes detailed below.

(a) New accounting policies, standards, amendments and interpretations effective or adopted in 2024

From 1 January 2024, the following standards and amendments are effective in the Group's consolidated Financial Statements:

- Amendments to IAS 1 'Presentation of Financial Statements', classification of liabilities as current or non-current and non-current liabilities with covenants;
- Amendments to IFRS 16 'Leases', lease liabilities in a sale and leaseback; and
- Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures', disclosures in relation to supplier finance arrangements.

These changes and other amendments effective during the period did not materially impact the Group's consolidated Financial Statements.

(b) Standards and amendments that are issued but not yet applied by the Group

The following standards and amendments have been issued and will be applied to the Group in future periods, subject to UK endorsement:

- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' Lack of Exchangeability, effective from 1 January 2025;
- Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures', Classification and Measurement of Financial Instruments, effective from 1 January 2026;
- IFRS 18 'Presentation and Disclosure in Financial Statements', effective from 1 January 2027; and
- IFRS 19 'Subsidiaries without Public Accountability', effective from 1 January 2027.

Management does not expect other issued but not effective amendments or standards, or standards not discussed above to have a material impact on the consolidated Financial Statements.

3. Accounting policies

(c) Centrica specific accounting measures

This section sets out the Group's specific accounting measures applied in the preparation of the condensed interim Financial Statements. These measures enable the users of the accounts to understand the Group's underlying and statutory business performance separately.

Use of adjusted performance measures

The Directors believe that reporting adjusted measures (revenue, margin, profit, earnings per share and cash flow) provides additional useful information on business performance and underlying trends. These measures are used for internal performance purposes, are not defined terms under IFRS and may not be comparable with similarly titled measures reported by other companies.

Management uses adjusted revenue, adjusted gross margin and adjusted operating profit to evaluate segment performance. They are defined as revenue/gross margin/operating profit before:

- exceptional items; and
- certain re-measurements.

Exceptional items and certain re-measurements are excluded because these items are considered by the Directors to distort the Group's underlying business performance. Similarly, for Segmental adjusted operating profit, the impact of the colleague profit share is excluded because management considers it unrelated to Segmental business performance.

Adjusted earnings is defined as earnings before:

- exceptional items net of taxation; and
- certain re-measurements net of taxation.

A reconciliation of adjusted earnings and adjusted earnings per share is provided in note 9.

Free cash flow is used by management to assess the cash generating performance of each segment. Segmental free cash flow is defined as net cash flow 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;
- sale, settlement and purchase of securities; and
- taxes paid and refunded.

Segmental free cash flow as assessed by management excludes cash flows relating to tax. This is because the effect of Group relief and similar reliefs could distort the measure of segment performance. As a Group-wide measure, free cash flow includes taxes paid and refunded.

Free cash flow gives a measure of the cash generation performance of the business after taking account of the need to maintain its capital asset base. By excluding deficit reduction payments and movements in variation margin and collateral, which are predominantly triggered by wider market factors and, in the case of collateral and margin movements, represent timing differences, free cash flow gives a measure of the underlying performance of the Group.

Interest received and cash flows from the sale, settlement and purchase of securities are excluded from free cash flow as these items are included in the Group's adjusted net cash/(debt) measure and are therefore viewed by the Directors as related to the manner in which the Group finances its operations.

Adjusted net cash/(debt) is used by management to assess the underlying indebtedness of the business. Adjusted net cash/(debt) is defined as cash and cash equivalents, net of bank overdrafts, borrowings, leases, interest accruals and related derivatives. This is adjusted for:

- securities; and
- sub-lease assets.

3. Accounting policies

Exceptional items and certain re-measurements

The Group reflects its underlying financial results in the business performance column of the Group Income Statement. To be able to provide users with this clear and consistent presentation, the effects of 'certain re-measurements' of financial instruments, and 'exceptional items', are reported in a different column in the Group Income Statement.

The Group is an integrated energy business. This means that it utilises its knowledge and experience across the gas and power (and related commodity) value chains to make profits across the core markets in which it operates. As part of this strategy, the Group enters into a number of forward energy trades to protect and optimise the value of its underlying production, generation, storage and transportation assets and contracts (and similar capacity or off-take arrangements), as well as to meet the future needs of its customers (downstream demand). These trades are designed to reduce the risk of holding such assets, contracts or downstream demand and are subject to strict risk limits and controls.

Primarily because some of these trades include terms that permit net settlement, they are prohibited from being designated as 'own use' and so IFRS 9 'Financial Instruments' requires them to be individually fair valued.

Fair value movements on these commodity derivative trades do not reflect the underlying performance of the business because they are economically related to our upstream assets, capacity/off-take contracts or downstream demand, which are typically not fair valued. Similarly, where our downstream customer supply contracts have become onerous as a result of significant market price movements (and the fact any associated commodity hedges have separately been recognised at fair value under IFRS 9 and therefore the onerous supply contract assessment must reflect the reversal of those gains in subsequent periods), movements in the required provision are also reflected as a certain re-measurement in the 'Cost of sales' line item and separately disclosed in note 6.

Movements in this provision do not reflect the underlying performance of the business because they are economically related to both the hedges and forecast future profitability of the supply contracts. Therefore, these certain re-measurements are reported separately and are subsequently reflected in business performance when the underlying transaction or asset impacts profit or loss.

The effects of these certain re-measurements and onerous contracts are presented within either revenue or cost of sales when recognised in business performance depending on the nature of the contract. They are managed separately from proprietary energy trading activities where trades are entered into speculatively for the purpose of making profits in their own right. These proprietary trades are included in revenue in the business performance column of the Group Income Statement.

The Group's result for the period presents both realised and unrealised fair value movements on all derivative energy contracts within the 'Re-measurement and settlement of derivative energy contracts' line item. The Group's result for the period presents the unrealised onerous supply contract provision movements within the 'Cost of sales' line item.

Exceptional items are those items that, in the judgement of the Directors, need to be disclosed separately by virtue of their nature, size or incidence. Again, to ensure the business performance column reflects the underlying results of the Group, these exceptional items are also reported in the separate column in the Group Income Statement. Items that may be considered exceptional in nature include disposals of businesses or significant assets, business restructurings, debt repurchase/refinance costs, certain pension past service credits/costs, asset impairments/write-backs and the tax effects of these items.

The Group distinguishes between business performance asset impairments/write-backs and exceptional impairments/write-backs on the basis of the underlying driver of the impairment, as well as the magnitude of the impairment. Drivers that are deemed to be outside of the control of the Group (e.g. commodity price changes) give rise to exceptional impairments/write-backs. Additionally, impairment charges that are of a one-off nature (e.g. reserve downgrades or one-time change in intended use of an asset) and significant enough value to distort the underlying results of the business are considered to be exceptional. Other impairments that would be expected in the normal course of business are reflected in business performance.

3. Accounting policies

(d) Key sources of estimation uncertainty and critical accounting judgements

With the exception of the items noted below which have been updated during the reporting period, key areas of critical accounting judgement and estimation uncertainty that have the most significant effect on the consolidated Group Financial Statements remain as disclosed in note 3(a) and 3(b) of the Annual Report and Accounts for the year ended 31 December 2023.

Critical accounting judgements

Share buyback programme

The Group has continued with its share buyback programme during the first six months of 2024. The £200 million tranche which was underway at the 2023 year end concluded in March 2024, and a subsequent £250 million tranche, announced in 2023 and signed in March 2024, commenced. Once complete, this will take the total value of shares repurchased under the current programme to £1 billion.

The Group judges that the terms and conditions of the contract mean that, at 30 June 2024, it was unable to cancel the obligation arising under the contract signed in the first half of 2024. Accordingly, the Group has recorded a financial liability at 30 June 2024 of £70 million (31 December 2023: £94 million) for this obligation in accordance with IAS 32 'Financial instruments: Presentation' that is subsequently measured in accordance with IFRS 9 'Financial instruments'. This liability is included within other payables, with the corresponding debit presented in the Other equity reserve.

During the period ended 30 June 2024, the Group purchased 206 million ordinary shares, representing approximately 4% of the issued ordinary share capital at an average price of 134.8 pence per share, and an aggregate cost of £278 million under the share buyback programme. Of this £278 million, £272 million has been paid and £6 million relates to shares committed to being purchased at 30 June 2024 but not yet settled. £2 million has been paid in respect of shares committed to being purchased at 31 December 2023.

The monthly breakdown of all shares purchased and the average price paid per share (excluding expenses) in relation to the additional £250 million programme for the period ended 30 June 2024 were as follows. This includes £6 million relating to shares committed to being purchased at 30 June 2024 but not yet settled.

Period	Number of shares purchased under share buyback programme	Average price paid Pence	Total cost £m	Authorised purchases unutilised at month end £m
March 2024	33,868,000	128.8	44	206
April 2024	38,573,000	129.8	50	156
May 2024	26,371,824	139.1	37	119
June 2024	41,019,288	135.3	55	64
Total	**139,832,112**	**132.9**	**186**	**64**

The monthly breakdown of all shares purchased and the average price paid per share (excluding expenses) in relation to the outstanding commitment of £92 million recognised at 31 December 2023 were as follows:

Period	Number of shares purchased under share buyback programme	Average price paid Pence	Total cost £m	Authorised purchases unutilised at month end £m
January 2024	32,745,328	145.7	48	44
February 2024	32,398,499	132.0	43	1
March 2024	793,553	128.0	1	—
Total	**65,937,380**	**138.8**	**92**	—

Cancellation of treasury shares

During the period, the Group has cancelled 124,665,489 ordinary shares that were being held as treasury shares. Share capital has been reduced by the nominal value of these shares of £8 million, and a corresponding amount has been credited to the capital redemption reserve. In addition, £129 million has been transferred from treasury shares to retained earnings to account for the price paid for the shares when they were originally credited to treasury shares. This value has been calculated on a first-in-first-out basis.

Key sources of estimation uncertainty

Electricity Generator Levy

At the end of 2022, the Government announced the implementation of the Electricity Generator Levy (EGL), a new, temporary levy applicable to receipts that the Group realises from electricity generation in the UK from nuclear and renewable sources in the period from 1 January 2023 to 31 March 2028. It was legislated in the Finance (No 2) Act 2023. The levy applies a 45% charge on receipts generated from the production of wholesale electricity sold at an average price in excess of £75/MWh (adjusted for inflation prospectively), exceeding an annual threshold of £10 million. It applies to generators whose generation exceeds 50GWh annually, as well as off-take arrangements with significant minority shareholders in such generators (e.g. generation within our Nuclear associate and potentially our off-take from that associate).

During the period, the Group's share of its Nuclear associate's EGL liabilities amounted to £67 million (31 December 2023: £41 million). This is recorded within the share of profit after tax from associates. The Group has also made payments on account to HMRC of £43 million (31 December 2023: £285 million) in relation to its estimated EGL liabilities for its minority shareholder Nuclear offtake arrangements during the period to 30 June 2024 and recognised an expense of £57 million (31 December 2023: £285 million) within the income statement, as part of Cost of Sales.

The Group continues to determine that the accounting for the levy falls within the scope of IAS 37 'Provisions, contingent liabilities, and contingent assets' and IFRIC 21 'Levies' on the basis that the levy represents a legislative liability imposed by the Government, calculated with reference to revenue generated. The Group recognises the levy progressively over time, as the related electricity is sold. The Group also considered the applicability of IAS 12 'Income Taxes', however the EGL is based on revenue generated, and not taxable profit and is therefore outside the scope of IAS 12.

Similar to other relevant businesses, the Group continues to review the EGL legislation and its application. The EGL legislation is new, and its interpretation and application is unclear in respect of the Group's minority shareholder Nuclear offtake arrangements. As such, the extent of the levy that will ultimately be due in this regard is not yet certain, and a different amount may eventually be determined. If this were the case, a tax deposit asset would be recorded on the Group Balance Sheet, and as a credit within Cost of Sales in the Group Income Statement, when it became probable, in accordance with the 2019 IFRIC Agenda decision on Deposits relating to taxes other than income taxes. No tax deposit asset has been recorded because it is not deemed probable, as at the balance sheet date, that this will ultimately be recoverable (or used to settle another tax liability).

There is a key source of estimation uncertainty in relation to the amount of levy the Group owes for both 2023 and 2024 of up to £342 million and whether a related tax deposit asset should be recorded for the recovery of payments on account made to HMRC of up to £328 million. Whilst a material change in the accounting could occur in the next financial period, with the 2023 levy returns due for filing by the end of 2024, ultimate resolution of this uncertainty may take a number of years.

Credit provisions for trade and other receivables

The macroeconomic environment continues to be challenging. Although cost of living pressures such as inflation are showing signs of improvement, interest rates remain elevated and growth forecasts are subdued. Commodity prices have declined during the period but remain significantly higher than in previous years. Some leading debt indicators, including the number of customers going into debt in the Group's residential portfolio have improved during the first half of 2024 although the Group remains cautious regarding the ability of the Group's customers to pay amounts due, particularly with regard to aged debt. The Group has recommenced limited debt recovery field activity although warrant activity remains suspended which continues to impact debt performance for affected cohorts of customers during the period.

These factors all result in the assessment and adequacy of credit provisions for trade and other receivables to continue to be a key source of estimation uncertainty.

The Group utilises a range of factors, including both internal and external, historical and forward-looking, to assess the adequacy of the Group's credit provisions. The Group utilises a matrix output model to record provision coverage. Because the model does not capture scenarios where there is a delayed impact on customer payments, such as forward-looking macroeconomic challenges, the Group recognises an additional macroeconomic provision to reflect the impact of such scenarios on amounts due. At 31 December 2023, the additional macroeconomic credit provision recognised by the Group was £175 million. Due to the passage of time, some of this delayed impact is now more fully incorporated into the matrix output model, and as such, the additional macroeconomic credit provision recognised by the Group is reducing. At 30 June 2024, the macroeconomic provision amounted to £132 million which results in a total credit provision for trade and other receivables at 30 June 2024 of £1,482 million (31 December 2023: £1,309 million).

Although the provisions recognised are considered appropriate, the use of different assumptions or changes in economic conditions could lead to material movements in the provisions and therefore impact the Group Income Statement. A detailed methodology for determining provisions for credit losses on trade and other receivables and the level of such provision, along with associated sensitivities, is set out in note 14.

Impairment of long-lived assets

The Group makes judgements in considering whether the carrying amounts of its long-lived assets (principally Upstream gas assets, Nuclear investment (20% economic interest accounted for as an investment in associate) and goodwill) or cash-generating units (CGUs) are recoverable and estimates their recoverable amounts.

A key assumption in these judgements is forecast future commodity prices. For the first four years, observable market prices are used and thereafter an estimation of longer-term prices is required. During the period, the Group has refined the estimation methodology applied to forecasting these longer-term commodity prices. As the Group has announced its intention to invest between £600-800 million in capital expenditure annually over the next few years, potentially in assets with long-term commodity price exposure, it was considered important to derive a Centrica view of long-term prices to help assess asset values rather than continue to utilise an average of third-party comparator median curves. An internal review was conducted to map Centrica beliefs around the evolution of each commodity market to specific, reputable, third party curve providers. As a result of this review, a single curve provider was selected as a basis for the longer-term commodity price forecasts and accordingly this is expected to help facilitate a better estimation of the recoverable amount of long-lived assets. At the period end, these price forecasts are generally higher than those that would have been derived under the previous methodology. Predominantly as a result of this, there has been an increase in the deemed recoverable value of certain assets and an impairment write-back of £116 million has been recorded. See note 6 for details. A sensitivity is provided in the sections below to show the outcome if the previous methodology for deriving longer-term commodity prices was retained. The overall effect on future periods from this methodology change cannot be estimated because it will depend on the relative changes to future price forecasts from the third party providers.

Nuclear investment

The recoverable amount of the Nuclear investment is based on the value of the existing UK nuclear fleet. The existing fleet value is calculated by discounting pre-tax cash flows derived from the stations based on forecast power generation and power prices, whilst taking account of outages and the likely operational lives of the stations. During the period, the recoverable amount has increased, predominantly due to the refinement in methodology for estimating long-term price forecasts. This has resulted in an impairment write-back of £116 million (31 December 2023: impairment of £549 million). Were the prior period longer-term commodity price methodology retained, an impairment of £72 million would have been booked.

The key source of estimation uncertainty is commodity price forecasts; other input assumptions include production levels and station lives. Further details of these uncertainties, together with the methodology, assumptions and impairment booked during the period are provided in note 6, together with related sensitivities.

Upstream gas assets

Forward prices for gas are a key input in the determination of the recoverable amount of the Group’s gas assets (including the storage asset). The first half of 2024 has seen slight increases in the prices of this commodity in terms of observable market prices with longer-term forward price forecasts beyond the liquid period also increasing, following the estimation methodology change. The recoverable values for all significant fields have consequently increased at the period end. These are capped at depreciated historical cost and as a result, no impairment write-backs have been recognised. Note that these fields' production is predominantly in the observable market price period. As at 30 June 2024, this remains a key source of estimation uncertainty due to potential future price decreases. As a sensitivity, were gas prices in the liquid period (2024-2028) to fall by 50% a post-tax impairment of £203 million would arise. Potential future price increases give rise to less estimation uncertainty, as the recoverable amounts of the Group’s gas assets are capped at depreciated historical cost. Were the prior period longer-term commodity price methodology retained, impairment headroom would have reduced by £52 million.

Decommissioning provisions

The estimated cost of decommissioning at the end of the producing lives of gas fields (including gas storage assets) is reviewed periodically and is based on reserves, price levels and technology at the balance sheet date. Provision is made for the estimated cost of decommissioning at the balance sheet date. The payment dates of total expected future decommissioning costs are uncertain and dependent on the lives of the facilities, but are currently anticipated to be predominantly incurred by 2035.

The level of provision held is sensitive to the discount rate used to discount the estimated decommissioning costs. During the period, there has been an increase in government gilt yields appropriate to the forecast profile of the decommissioning expenditure, and therefore the real discount rate used to discount the decommissioning liabilities at 30 June 2024 increased to 2% (31 December 2023: 1%). A 1% increase in the discount rate reduces the decommissioning liability by approximately £77 million.

4. Segmental analysis

The Group's reporting segments are those used internally by management to run the business and make decisions. The Group's segments are based on products and services as well as the major factors that influence the performance of these products and services across the geographical locations in which the Group operates.

(a) Segmental structure

The types of products and services from which each reportable segment derived its income during the period are detailed below. Income sources are reflected in total Group revenue unless otherwise stated:

Segment	Description
British Gas Services & Solutions	o The installation, repair and maintenance of domestic central heating and related appliances, and the provision of fixed-fee maintenance/breakdown service and insurance contracts in the UK; and o the supply of new technologies and energy efficiency solutions in the UK.
British Gas Energy	o The supply of gas and electricity to residential and small business customers in the UK.
Bord Gáis Energy	o The supply of gas and electricity to residential, commercial and industrial customers in the Republic of Ireland; o the installation, repair and maintenance of domestic central heating and related appliances in the Republic of Ireland; o the procurement, trading and optimisation of energy in the Republic of Ireland [(i)]; and o power generation in the Republic of Ireland.
Centrica Business Solutions	o The supply of gas and electricity to business customers in the UK [(i)]; o the supply of energy services and solutions to large organisations in the UK, Europe and North America; and o the development and operation of large-scale power assets in the UK and Europe.
Centrica Energy	o The procurement, trading and optimisation of energy in the UK and Europe [(i)]; and o the global procurement and sale of LNG.
Upstream	o The production and processing of gas and liquids principally within Spirit Energy [(i)]; o the sale of power generated from nuclear assets in the UK; and o gas storage in the UK.

(i) Where income is generated from contracts in the scope of IFRS 9, this is included in re-measurement and settlement of derivative energy contracts.

4. Segmental analysis

(b) Revenue

Gross segment revenue includes revenue generated from the sale of products and services to other reportable segments of the Group. Total Group revenue reflects only the sale of products and services to third parties. Sales between reportable segments are conducted on an arm's length basis.

	2024			2023		
Six months ended 30 June	Gross segment revenue £m	Less inter-segment revenue £m	Total Group revenue £m	Gross segment revenue £m	Less inter-segment revenue £m	Total Group revenue £m
British Gas Services & Solutions	767	(39)	728	780	(27)	753
British Gas Energy	6,634	—	6,634	11,889	—	11,889
Bord Gáis Energy	687	—	687	1,037	—	1,037
Centrica Business Solutions	1,366	(4)	1,362	1,977	(3)	1,974
Centrica Energy	3,071	(222)	2,849	4,402	(290)	4,112
Upstream	1,521	(497)	1,024	1,606	(885)	721
Total Group revenue included in business performance	14,046	(762)	13,284	21,691	(1,205)	20,486
Less: revenue arising on contracts in scope of IFRS 9 included in business performance			(2,743)			(3,971)
Total Group revenue			10,541			16,515

4. Segmental analysis

The tables below show the total Group revenue arising from contracts with customers, and therefore in the scope of IFRS 15, and revenue arising from contracts in the scope of other standards. The key economic factors impacting the nature, timing and uncertainty of revenue and cash flows are considered to be driven by the type and broad geographical location of the customer. The analysis of IFRS 15 revenue below reflects these factors.

	2024				
Six months ended 30 June	**Revenue from contracts with customers in scope of IFRS 15 (i)** £m	**Revenue from fixed-fee service and insurance contracts in scope of IFRS 17, and leasing contracts in scope of IFRS 16** £m	**Total Group revenue** £m	**Revenue in business performance arising from contracts in scope of IFRS 9** £m	**Total Group revenue included in business performance** £m
Energy services and solutions	**334**				
British Gas Services & Solutions	**334**	**394**	**728**	**—**	**728**
Energy supply - UK	**6,634**				
British Gas Energy	**6,634**	**—**	**6,634**	**—**	**6,634**
Energy supply- Republic of Ireland	**551**				
Bord Gáis Energy	**551**	**—**	**551**	**136**	**687**
Energy supply - UK	**1,035**				
Energy services	**87**				
Centrica Business Solutions	**1,122**	**1**	**1,123**	**239**	**1,362**
Energy sales to trading and energy procurement counterparties	**1,420**				
Centrica Energy	**1,420**	**6**	**1,426**	**1,423**	**2,849**
Gas and liquid production	**79**				
Upstream	**79**	**—**	**79**	**945**	**1,024**
	10,140	**401**	**10,541**	**2,743**	**13,284**

(i) As part of the finalisation process of the government support schemes, revenue of £51 million was reversed during the period (2023: £3,729 million credit) in relation to the Energy Price Guarantee scheme for domestic customers in the British Gas Energy segment. A further £17 million of revenue (2023: £449 million) has been recognised in respect of non-domestic schemes. £10 million of this total relates to Centrica Business Solutions customers (2023: £319 million) and £7 million of this total relates to British Gas Energy customers (2023: £130 million).

	2023				
Six months ended 30 June	Revenue from contracts with customers in scope of IFRS 15 £m	Revenue from fixed-fee service and insurance contracts in scope of IFRS 17, and leasing contracts in scope of IFRS 16 £m	Total Group revenue £m	Revenue in business performance arising from contracts in scope of IFRS 9 £m	Total Group revenue included in business performance £m
Energy services and solutions	350				
British Gas Services & Solutions	350	403	753	—	753
Energy supply - UK	11,889				
British Gas Energy	11,889	—	11,889	—	11,889
Energy supply- Republic of Ireland	809				
Bord Gáis Energy	809	—	809	228	1,037
Energy supply - UK	1,200				
Energy services	107				
Centrica Business Solutions	1,307	3	1,310	664	1,974
Energy sales to trading and energy procurement counterparties	1,671				
Centrica Energy	1,671	13	1,684	2,428	4,112
Gas and liquid production	70				
Upstream	70	—	70	651	721
	16,096	419	16,515	3,971	20,486

4. Segmental analysis

(c) Adjusted gross margin and adjusted operating profit

The measure of profit used by the Group is adjusted operating profit. Adjusted operating profit is operating profit before exceptional items and certain re-measurements. This includes business performance results of equity-accounted interests.
This note also details adjusted gross margin. Both measures are reconciled to their statutory equivalents.

	Adjusted gross margin		Adjusted operating profit	
Six months ended 30 June	**2024 £m**	2023 £m	**2024 £m**	2023 £m
British Gas Services & Solutions	**300**	287	**35**	20
British Gas Energy	**807**	1,677	**159**	969
Bord Gáis Energy	**114**	46	**43**	(27)
Centrica Business Solutions	**140**	178	**55**	87
Centrica Energy	**363**	474	**232**	384
Upstream	**431**	647	**522**	654
Segmental adjusted gross margin/adjusted operating profit	**2,155**	3,309	**1,046**	2,087
Reconciling items to Group Income Statement:				
Colleague profit share (i)	**(5)**	(2)	**(11)**	(4)
Total Group adjusted gross margin/adjusted operating profit	**2,150**	3,307	**1,035**	2,083
Certain re-measurements:				
Onerous energy supply contract provision movement	**(46)**	891	**(46)**	891
Derivative contracts	**572**	3,812	**572**	3,812
Share of re-measurement of certain associates' energy contracts (net of taxation)	**—**	—	**—**	(1)
Gross profit	**2,676**	8,010		
Exceptional items in operating profit			**116**	(323)
Operating profit after exceptional items and certain re-measurements			**1,677**	6,462

(i) The impact of the colleague profit share is excluded because management considers it unrelated to segmental business performance.

4. Segmental analysis

(d) Included within adjusted operating profit

Presented below are certain items included within adjusted operating profit, including a summary of impairments of property, plant and equipment and intangibles.

	Depreciation and impairments of property, plant and equipment		Amortisation and impairments of intangibles	
Six months ended 30 June	**2024 £m**	2023 £m	**2024 £m**	2023 £m
British Gas Services & Solutions	**(17)**	(18)	**(5)**	(5)
British Gas Energy	**(2)**	(1)	**(19)**	(29)
Bord Gáis Energy	**(4)**	(4)	**(4)**	(6)
Centrica Business Solutions	**(5)**	(5)	**(6)**	(11)
Centrica Energy	**(15)**	(15)	**(5)**	(11)
Upstream	**(157)**	(160)	**—**	—
Other [(i)]	**(12)**	(14)	**(6)**	(10)
	(212)	(217)	**(45)**	(72)

(i) The Other segment includes corporate functions, subsequently recharged.

Impairments of intangible assets

During 2024, £1 million of other intangible assets were impaired within business performance (2023: £2 million).

4. Segmental analysis

(e) Capital expenditure

Capital expenditure represents additions, other than assets acquired as part of business combinations or asset purchase agreements, to property, plant and equipment and intangible assets. Capital expenditure has been reconciled to the related cash outflow.

	Capital expenditure on property, plant and equipment		Capital expenditure on intangible assets other than goodwill	
Six months ended 30 June	**2024 £m**	2023 £m	**2024 £m**	2023 £m
British Gas Services & Solutions	**11**	28	**3**	17
British Gas Energy	**19**	—	**233**	249
Bord Gáis Energy	**56**	29	**1**	4
Centrica Business Solutions	**62**	44	**84**	88
Centrica Energy	**5**	—	**4**	3
Upstream	**18**	52	**21**	12
Other	**18**	46	**—**	—
Capital Expenditure	**189**	199	**346**	373
Capitalised borrowing costs (note 7)	**(2)**	(1)	**—**	—
Inception of new leases and movements in payables and prepayments related to capital expenditure	**(30)**	(46)	**—**	1
Purchases of emissions allowances and renewable obligation certificates [(i)]	**—**	—	**(338)**	(350)
Net cash outflow	**157**	152	**8**	24

(i) Purchases of emissions allowances and renewable obligation certificates of £233 million (2023: £249 million) in British Gas Energy, £84 million (2023: £88 million) in Centrica Business Solutions, £21 million (2023: £12 million) in Upstream, and £nil (2023: £1 million) in Centrica Energy.

4. Segmental analysis

(f) Free cash flow

Free cash flow is used by management to assess the cash generating performance of each segment, after taking account of the need to maintain its capital asset base. By excluding deficit reduction payments and movements in collateral and margin cash, which are predominantly triggered by wider market factors, and in the case of collateral and margin movements, represent timing movements, free cash flow is used by management as an adjusted measure of the cash generation of the business. Free cash flow excludes investing cash flows that are related to adjusted net cash/debt. This measure is reconciled to the net cash flow from operating and investing activities.

Six months ended 30 June	2024 £m	2023 £m
British Gas Services & Solutions	**25**	(16)
British Gas Energy [(i)]	**(371)**	(556)
Bord Gáis Energy	**2**	(135)
Centrica Business Solutions	**76**	232
Centrica Energy	**470**	1,170
Upstream [(ii)]	**937**	1,090
Other [(iii)]	**—**	(6)
Segmental free cash flow excluding tax	**1,139**	1,779
Taxes paid	**(323)**	(402)
Total free cash flow	**816**	1,377
UK pension deficit payments	**(76)**	(80)
Movements in variation margin and collateral (note 19)	**81**	1,113
Interest received	**167**	105
Purchase and settlement of securities	**(7)**	(17)
	981	2,498
Net cash flow from operating activities	**798**	2,485
Net cash flow from investing activities	**183**	13
Total cash flow from operating and investing activities	**981**	2,498

(i) British Gas Energy free cash flow includes working capital outflows of £0.5 billion (2023: £1.6 billion) largely related to settling December 2023 commodity costs.
(ii) Upstream free cash flow in 2024 includes inflows of £240 million (2023: £60 million) relating to dividends received from joint ventures and associates.
(iii) The Other segment includes corporate functions.

5. Joint ventures and associates

Investments in joint ventures and associates represent businesses where we exercise joint control or significant influence and generally have an equity holding of up to 50%. These include the investment in Lake Acquisitions Limited, which owns the existing UK nuclear power station fleet. Share of results of joint ventures and associates represents the results of businesses where we exercise joint control or significant influence and generally have an equity holding of up to 50%.

Share of results of joint ventures and associates

The Group's share of results of joint ventures and associates principally arises from its interest in Nuclear – Lake Acquisitions Limited, an associate, reported in the Upstream segment.

	2024			2023		
Six months ended 30 June	Share of business performance £m	Share of exceptional items and certain re-measurements £m	Share of results for the period £m	Share of business performance £m	Share of exceptional items and certain re-measurements £m	Share of results for the period £m
Income	488	—	488	265	—	265
Expenses before exceptional items and certain re-measurements	(258)	—	(258)	(175)	—	(175)
Exceptional items and re-measurement of certain contracts	—	—	—	—	(1)	(1)
Operating profit/(loss)	230	—	230	90	(1)	89
Interest income	1	—	1	—	—	—
Taxation on profit/(loss)	(73)	—	(73)	(22)	—	(22)
Share of post-taxation results of joint ventures and associates (i)	158	—	158	68	(1)	67

(i) The cash flows recorded as dividends received from joint ventures and associates during the period of £240 million (2023: £60 million) in the Group Cash Flow Statement relate to dividends received from Lake Acquisitions Limited.

6. Exceptional items and certain re-measurements

(a) Certain re-measurements

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. Because the associated hedging gains or losses, whilst either unrealised or arising on delivery, will be recognised in certain re-measurements, the movements in the onerous contract provision will also be recognised in certain re-measurements.

Six months ended 30 June	2024 £m	2023 £m
Certain re-measurements recognised in relation to energy contracts:		
Net gains arising on delivery of contracts	565	3,220
Net gains arising on market price movements and new contracts	7	592
Net re-measurements included within gross profit before onerous supply contract provision	572	3,812
Onerous energy supply contract provision movement (i)	(46)	891
Net re-measurements included within gross profit	526	4,703
Net loss arising on re-measurement of certain associates' contracts (net of taxation)	–	(1)
Net re-measurements included within Group operating profit	526	4,702
Taxation on certain re-measurements (note 8) (ii)	17	(1,620)
Certain re-measurements after taxation	543	3,082

(i) The onerous supply contract provision is based on the future costs to fulfil customer contracts on a current market price basis. This provision had fully unwound by 31 December 2023 and remains at £nil on 30 June 2024. However, the acquisition of AvantiGas ON Limited in 2022, included an opening balance sheet onerous contract provision (and similar sized related derivative assets), which are unwound to the business performance column of the Group Income Statement on a pre-determined acquisition date basis, with an offset in the certain remeasurements column. Accordingly, the £46 million movement relates entirely to this acquisition. Note there is a similar offsetting effect within net gains arising on delivery of contracts for the related derivative assets. Cumulatively over time the onerous energy supply contract provision movement will net to £nil.

(ii) Taxation on onerous energy supply contract provision movement amounted to a £11 million credit (2023: £223 million charge) and taxation on other certain re-measurements amounted to a £6 million credit (2023: £1,397 million charge).

Six months ended 30 June	2024 £m	2023 £m
Total re-measurement and settlement of derivative energy contracts excluding:	(2,179)	(3,403)
IFRS 9 business performance revenue	(2,743)	(3,971)
IFRS 9 business performance cost of sales	5,494	11,186
Unrealised certain re-measurements recognised in relation to energy contracts included in gross profit	572	3,812
Onerous contract provision movement (cost of sales)	(46)	891
Total certain re-measurements	526	4,703

The table below reflects the certain re-measurement derivative movements by business segment:

Six months ended 30 June	2024 £m	2023 £m
UK Energy Supply (British Gas Energy and Centrica Business Solutions)	1,354	1,512
Upstream/Centrica Energy/Bord Gáis	(782)	2,300
Unrealised certain re-measurements recognised in relation to energy contracts included in gross profit	572	3,812

6. Exceptional items and certain re-measurements

(b) Exceptional items

Exceptional items are those items that, in the judgement of the Directors, need to be disclosed separately by virtue of their nature, size or incidence. Items which may be considered exceptional in nature include disposals of businesses or significant assets, business restructurings, pension change costs or credits, significant debt repurchase costs and asset impairments and write-backs.

Six months ended 30 June	2024 £m	2023 £m
Write-back/(impairment) of power assets (i)	116	(323)
Exceptional items included within Group operating profit (ii)	**116**	(323)
Debt repurchase costs included within financing costs (iii)	(68)	—
Exceptional items included within Group operating profit before taxation	**48**	(323)
Net exceptional item taxation (iv) (note 8)	48	3
Total exceptional items recognised after taxation	**96**	(320)

(i) In the Upstream segment, an impairment write-back of the Nuclear investment of £116 million (post-tax £116 million) has been recorded predominantly as a result of the increase in long-term forecast commodity prices (partially offset by a reduction in shorter-term liquid prices). See note 6(c) for further details and sensitivities associated with the Nuclear investment.

(ii) The cash flows recorded as payments relating to exceptional charges in operating costs of £3 million (2023: £4 million) in the Group Cash Flow Statement relate to previous periods exceptional restructuring costs.

(iii) Exceptional financing costs have been recognised in relation to debt repurchase and refinancing exercises. £370 million 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 cost in the Group Income Statement of £50 million (post-tax £38 million) has been incurred. Refinancing of the 2075 hybrid bond, designated in a fair value hedge relationship, and with a carrying-value of £435 million, and repayment value of £453 million (including fees), has resulted in a one-off financing cost in the Group Income Statement of £18 million (post-tax £13 million).

(iv) Exceptional item taxation includes a credit of £31 million associated with deferred tax in exploration and production, in the Upstream segment. This predominantly relates to an increase in the deferred tax asset position related to the recovery of abandonment tax losses and a re-measurement of the energy profits levy deferred tax liability, as a result of changes in forecast production profiles and commodity prices. This item is unrelated to the other exceptional items.

6. Exceptional items and certain re-measurements

(c) Impairment accounting policy, process and sensitivities

The information provided below relates to the assets and CGUs (or groups of CGUs) that have been subject to impairment during the period.

Exceptional impairment assessments of assets measured on a value-in-use (VIU) basis

Segment	Asset/CGU	Basis for impairment write-back	Recoverable amount £m	Write-back £m
Upstream	Nuclear	The increase in forecast long-term baseload power prices has more than offset the fall in short-term baseload power prices	969	116

Nuclear

A VIU calculation has been used to determine the recoverable amount of the Group's investment in Nuclear. The cash flows incorporated in the valuation are based on detailed business forecasts in the short term, extrapolated to future years to account for the expected generation profile of the fleet for its remaining life. Assumptions include forward commodity prices, capacity rates, fuel and network costs, and operating and capital expenditure requirements. Price assumptions are based on liquid market prices for mid-2024 to mid-2028 which are then blended over a one-year period to long-term price forecasts. The methodology for deriving long-term price assumptions has changed during the period. Instead of using an average of third-party market comparator median curves, a single third-party curve provider, which most aligns to Centrica's beliefs around the evolution of commodity markets, has been selected as a basis for the longer-term commodity price forecasts. At the period end, these price forecasts are generally higher than those that would have been derived under the previous methodology. See note 3 for further details.

The Electricity Generator Levy, applying a 45% tax rate to revenues generated over £75/MWh (adjusted for inflation prospectively) until 31 March 2028, based on the above price assumptions, has also been included in the assessment.

In March 2023, the Nuclear business announced that estimated operating lifetimes at the Heysham 1 and Hartlepool stations would be extended by two years to March 2026, with a range of plus or minus one year. The plus/minus one year range would impact value by an increase of £42 million or a decrease of £56 million.

The VIU calculation assumes that the Sizewell station operates until 2055, reflecting a 20-year extension beyond its original design life. In the absence of this extension, the carrying value of the Group's investment in Nuclear would be reduced by £235 million. All other stations' life assumptions are aligned to lifetime closure dates announced by the operator (being between March 2026 and March 2028).

The VIU calculation is also sensitive to changes in outage assumptions and the generation volumes assumed for the fleet are based on a review of planned and unplanned outages. A movement of 5% in the unplanned outage rate applied to volumes across the nuclear fleet, in line with upper/lower % range deemed reasonably possible in current and comparative accounting periods, would impact the valuation by +/- £112 million.

The future pre-tax cash flows generated by the investment in the associate are discounted using a pre-tax nominal discount rate of 14.1% (31 December 2023: 17.3%). This equated to a post-tax rate of 8.5% (31 December 2023: 8.5%). The post-tax discount rate is initially derived from the Group weighted average cost of capital as adjusted for the risks associated with the asset and with reference to comparator companies. The pre-tax rate is then back-calculated by removing tax cash flows and assessing the rate that would give the same result as the post-tax rate. A 2% increase in the post-tax discount rate would lead to an impairment of £100 million (when compared with the closing period-end carrying value). Similarly, a 2% reduction in the post-tax discount rate would lead to a write-back of £136 million.

The asset is particularly sensitive to changes in commodity price and the table below details average prices for the first 5- and 10-year periods and associated sensitivities. Note that the asset is valued for its entire economic life and not just this 15-year period.

	Five-year liquid and blended-period price (i)		Ten-year long-term average price (i)		Change in pre/post-tax write-back/(impairment) (ii) +10%		Change in pre/post-tax write-back/(impairment) (ii) -10%	
	2024-2028	2024-2028	2029-2038	2029-2038				
	30 June 2024	31 December 2023	**30 June 2024**	31 December 2023	**30 June 2024**	31 December 2023	**30 June 2024**	31 December 2023
	£/MWh	£/MWh	**£/MWh**	£/MWh	**£m**	£m	**£m**	£m
Baseload power	**73**	76	**78**	60	**179**	148	**(213)**	(191)
					+50% Five-year liquid and blended-period only		**-50% Five-year liquid and blended-period only**	
					324		**(577)**	

(i) Prices are shown in 2023 real terms.

(ii) A 10% change was historically deemed to represent a reasonably possible variation across the entire period covered by the liquid market and comparator curves used in the nuclear impairment test. Given the volatility in commodity prices during recent years, a further sensitivity has been included based on a 50% change in liquid and blend-period commodity prices only.

7. Net finance cost

Financing costs mainly comprise interest on bonds and bank debt, the results of hedging activities used to manage foreign exchange and interest rate movements on the Group's borrowings and notional interest arising from the discounting of decommissioning provisions and pensions. An element of financing cost is capitalised on qualifying projects.
Investment income predominantly includes interest received from short-term investments in money market funds, bank deposits and government bonds.

	2024			2023		
Six months ended 30 June	Financing costs £m	Investment income £m	Total £m	Financing costs £m	Investment income £m	Total £m
Cost of servicing net debt:						
Interest income	—	167	167	—	107	107
Interest cost on bonds, bank loans and overdrafts	(126)	—	(126)	(127)	—	(127)
Interest cost on lease liabilities	(7)	—	(7)	(5)	—	(5)
	(133)	167	34	(132)	107	(25)
Net gains on revaluation	—	—	—	1	—	1
Notional interest arising from discounting	(8)	—	(8)	(4)	—	(4)
	(141)	167	26	(135)	107	(28)
Other interest charges (i)	(8)	—	(8)	(9)	—	(9)
Capitalised borrowing costs (ii)	2	—	2	1	—	1
Financing (cost)/income before exceptional items	(147)	167	20	(143)	107	(36)
Exceptional items (iii)	(68)	—	(68)	—	—	—
Financing (cost)/income	(215)	167	(48)	(143)	107	(36)

(i) Other interest charges includes interest charged on cash collateral and fees for letters of credit. The associated cash outflow is £8 million.
(ii) Borrowing costs have been capitalised using an average rate of 8.48% (2023: 7.74%).
(iii) During the period the Group repurchased £370 million of debt instruments and refinanced a hybrid bond designated in a fair value hedge relationship, resulting in an exceptional financing cost of £68 million (2023: £nil). See notes 6(b) and 12 for further details.

8. Taxation

The taxation note details the different tax charges arising in the Group. This tax charge excludes the Group's share of taxation on the results of joint ventures and associates.
The tax charge for the period has been calculated based on an estimate of the annual effective tax rate expected for the full financial year applied to the interim pre-tax accounting profits for each relevant source of income.

Analysis of tax charge

	2024			2023		
Six months ended 30 June	Business performance £m	Exceptional items and certain re-measurements £m	Results for the period £m	Business performance £m	Exceptional items and certain re-measurements [ii] £m	Results for the period £m
The taxation (charge)/credit comprises						
UK corporation tax	(249)	(6)	(255)	(498)	(1,259)	(1,757)
UK energy profits levy	(72)	96	24	(27)	(346)	(373)
UK petroleum revenue tax	—	(10)	(10)	—	—	—
Non-UK tax	(21)	(15)	(36)	(39)	(12)	(51)
Total taxation on profit [i]	(342)	65	(277)	(564)	(1,617)	(2,181)

(i) Total taxation on profit excludes taxation on the Group's share of profits of joint ventures and associates.
(ii) Exceptional item and certain re-measurement movements predominantly relate to deferred tax.

The Group's adjusted effective tax rate for the six months ended 30 June 2024 was 37% (2023: 28%). This is reconciled to this note in the Group Financial Review on page 16.

There was no material movement in the Group's uncertain tax provision during the period (2023: £nil).

The UK corporation tax charge includes tax on the Group's profits from gas production at a rate of 40%, being the ring fence corporation tax rate of 30% and Supplementary Charge of 10%.

Energy Profits Levy ('EPL') is also charged at 35% on profits from the Group's gas production making a total tax rate of 75%. The EPL credit of £24 million arises as a result of the re-measurement of the group's EPL deferred tax liabilities due to changes in the production profile of the Group's gas production and deferred tax assets recognised on derivative contracts. The Group's EPL current tax charge is £138 million (2023: £79 million).

On 6 March 2024 the Chancellor announced an extension to the sunset date for the Energy Profits Levy from 31 March 2028 to 31 March 2029. This change has not yet been substantively enacted and therefore the impact is not included within these financial statements. The impact of remeasuring deferred tax balances would result in a charge to the income statement of £29 million.

Other activities in the UK are subject to the standard rate of UK corporation tax of 25% (2023: 23.5%).

The main non-UK rates of corporation tax are 12.5% (2023: 12.5%) in The Republic of Ireland, 22% (2023: 22%) in Denmark, and 17% in Singapore (2023: 17%).

The Republic of Ireland corporation tax rate is 12.5%, but it has enacted a domestic top up tax as part of its implementation of the Organisation for Economic Co-operation and Development's proposals for a global minimum corporation tax rate ('Pillar 2') of 15%. On this basis we have provided for corporate income tax at 15%.

The Electricity Generator Levy ('EGL) is not accounted for as a tax and remains a key source of estimation uncertainty - see note 3. The cost of EGL included in the Group's cost of sales is £57 million (2023: £180 million) and is not deductible for UK corporation tax. A further £67 million (2023: £nil) is recorded within the Group's share of profit after tax from its Nuclear associate. The cost of the EGL has increased the adjusted effective tax rate of the Group by 4% (2023: 2%). Were EGL accounted for as a tax, the adjusted effective tax rate would have increased by 6% (2023: 6%). The EGL amount for the six months ended 30 June 2024 is provisional based on the revenues arising in the period to date, and the annual EGL impact will be updated once the full-year results are known.

We have applied the mandatory exception to recognising and disclosing information about the deferred tax assets and liabilities related to Pillar 2 income taxes in the UK in accordance with the amendments to IAS 12 adopted by the UK Endorsement Board.

The Group does not expect its tax liabilities to be materially increased as a result of the implementation of the Pillar 2 rules, which are in effect from 1 January 2024.

9. Earnings per ordinary share

Earnings per share (EPS) is the amount of profit or loss attributable to each share. Basic EPS is the amount of profit or loss for the period divided by the weighted average number of ordinary shares in issue during the period. Diluted EPS includes the impact of outstanding share options.

Basic earnings per ordinary share has been calculated by dividing the profit attributable to equity holders of the Company for the period of £1,325 million (2023: £4,150 million) by the weighted average number of ordinary shares in issue during the period of 5,277 million (2023: 5,686 million). The number of shares excludes 600 million ordinary shares (2023: 222 million), being the weighted average number of the Company's own shares held in the employee share trust and treasury shares repurchased during the period by the Group as part of the share buyback programme.

The Directors believe that the presentation of adjusted basic earnings per ordinary share, being the basic earnings per ordinary share adjusted for certain re-measurements and exceptional items, assists with understanding the underlying performance of the Group, as explained in note 3.

Information presented for diluted and adjusted diluted earnings per ordinary share uses the weighted average number of shares as adjusted for 112 million (2023: 81 million) potentially dilutive ordinary shares as the denominator, unless it has the effect of increasing the profit or decreasing the loss attributable to each share.

Basic to adjusted basic earnings per ordinary share reconciliation

	2024		2023	
Six months ended 30 June	£m	Pence per ordinary share	£m	Pence per ordinary share
Earnings – basic	**1,325**	**25.1**	4,150	73.0
Net exceptional items after taxation (notes 3 and 6) (i)	**(86)**	**(1.6)**	320	5.6
Certain re-measurement gains after taxation (notes 3 and 6) (i)	**(562)**	**(10.7)**	(3,004)	(52.8)
Earnings – adjusted basic	**677**	**12.8**	1,466	25.8
Earnings – diluted	**1,325**	**24.6**	4,150	72.0
Earnings – adjusted diluted	**677**	**12.6**	1,466	25.4

(i) Net exceptional items after taxation and certain re-measurement gains after taxation are adjusted to reflect the share attributable to non-controlling interests.

10. Dividends

Dividends represent the return of profits to shareholders. Dividends are paid as an amount per ordinary share held. The Group retains part of the profits generated to meet future investment plans or to fund share buyback programmes.

No dividends were paid during the period to 30 June 2024 (30 June 2023: £nil). The 2023 final dividend of 2.67 pence per ordinary share was approved at the Annual General Meeting, and was paid on 11 July 2024 to shareholders on the register on 31 May 2024. A liability of £141 million was held on the Group Balance Sheet at 30 June 2024. Similarly, the 2022 final dividend of 2.00 pence per ordinary share was paid to shareholders on 20 July 2023.

The Directors propose an interim dividend of 1.50 pence per ordinary share for the six months ended 30 June 2024 (which would total £79 million based on shareholding at that date). The dividend will be paid on Thursday 14 November 2024 to those shareholders registered on Friday 4 October 2024.

11. Acquisitions, disposals, disposal groups classified as held for sale and other investments

This section details business combinations, asset acquisitions, disposals and other investments made by the Group.

Acquisitions and disposals

During the period there have been no material acquisitions or disposals either individually or in aggregate. There have been no material updates to the fair value of assets and liabilities recognised for businesses acquired in 2023.

Other investments

On 11 June 2024 the Group provided financing to Highview Enterprises Limited in the form of a £45 million senior debt facility which remains undrawn at 30 June 2024. The Group also invested £25 million in convertible loan notes and ordinary shares in respect of this new cryogenic energy storage plant. When built, this will consist of a long duration storage process using patented Liquid Air Energy Storage (LAES) technology.

12. Sources of finance

(a) Capital structure

The Group seeks to maintain an efficient capital structure with a balance of debt and equity as shown in the table below:

	30 June 2024 £m	31 December 2023 £m
Gross debt	**2,921**	3,408
Shareholders' equity	**4,898**	3,877
Capital	**7,819**	7,285

Debt levels are restricted to limit the risk of financial distress and, in particular, to maintain a strong credit profile. The Group's credit standing is important for several reasons: to maintain a low cost of debt, limit collateral requirements in energy trading, hedging and decommissioning security arrangements, and to ensure the Group is an attractive counterparty to energy producers and long-term customers.

The Group monitors its current and projected capital position on a regular basis, considering a medium-term view of at least three years, and different stress case scenarios, including the impact of changes in the Group's credit ratings and significant movements in commodity prices. A number of financial ratios are monitored, including those used by the credit rating agencies.

The level of debt that can be raised by the Group is restricted by the Company's Articles of Association. Borrowing is limited to the higher of £10 billion and a gearing ratio of three times shareholders' equity. The Group funds its long-term debt requirements through issuing bonds in the capital markets and taking bank debt. Short-term debt requirements are met primarily through commercial paper or short-term bank borrowings. The Group maintains substantial committed facilities and uses these to provide liquidity for general corporate purposes, including short-term business requirements and back-up for commercial paper.

British Gas Insurance Limited (BGIL) is required to hold a minimum capital amount under PRA regulations and has complied with this requirement since its inception. BGIL's capital risk appetite, which is approved by the board, exceeds the PRA capital requirements.

BGIL's capital management policy and plan are subject to review and approval by the BGIL board. Reporting processes provide relevant and timely capital information to management and the board. A medium-term capital management plan forms part of BGIL's planning and forecasting process, embedded into approved timelines, management reviews and board approvals.

12. Sources of finance

(b) Adjusted net cash/(debt) summary

Adjusted net cash/(debt) predominantly includes capital market borrowings offset by cash, securities and certain hedging financial instruments used to manage interest rate and foreign exchange movements on borrowings. Presented in the derivatives and current and non-current borrowings, leases and interest accruals columns shown below are the assets and liabilities that give rise to financing cash flows.

				Other assets and liabilities			
	Current and non-current borrowings, leases and interest accruals £m	Derivatives £m	Gross debt £m	Cash and cash equivalents, net of bank overdrafts (i) £m	Current and non-current securities (ii) £m	Sub-lease assets £m	Adjusted net cash/ (debt) £m
Group adjusted net (debt)/cash at 1 January 2024	(3,289)	(119)	(3,408)	5,629	521	2	2,744
Cash outflow from purchase of securities	—	—	—	(7)	7	—	—
Cash outflow for payment of capital element of leases	47	—	47	(47)	—	—	—
Cash outflow for repayment of borrowings (iii)	842	15	857	(925)	—	—	(68)
Cash inflow from borrowings (iii)	(410)	—	(410)	410	—	—	—
Cash inflow from operating activities	—	—	—	798	—	—	798
Net cash inflow from other investing activities (iv)	—	—	—	178	—	—	178
Cash outflow from other financing activities (iv)	—	—	—	(282)	—	—	(282)
Revaluation	16	(31)	(15)	—	2	—	(13)
Interest receivable on securities	—	—	—	—	12	—	12
Interest received on securities	—	—	—	12	(12)	—	—
Financing interest paid	85	54	139	(153)	—	—	(14)
Increase in interest payable and amortisation of borrowings, and impact of associated interest rate swaps	(90)	(32)	(122)	—	—	—	(122)
New lease agreements and re-measurement of existing lease liabilities	(19)	—	(19)	—	—	—	(19)
Exchange adjustments	10	—	10	(10)	—	—	—
Group adjusted net (debt)/cash at 30 June 2024	**(2,808)**	**(113)**	**(2,921)**	**5,603**	**530**	**2**	**3,214**

				Other assets and liabilities			
	Current and non-current borrowings, leases and interest accruals £m	Derivatives £m	Gross debt £m	Cash and cash equivalents, net of bank overdrafts (i) £m	Current and non-current securities (ii) £m	Sub-lease assets £m	Adjusted net cash/ (debt) £m
Group adjusted net (debt)/cash at 1 January 2023	(3,417)	(153)	(3,570)	4,242	525	2	1,199
Acquisition of business	(12)	—	(12)	—	—	—	(12)
Cash outflow from purchase of securities	—	—	—	(17)	17	—	—
Cash outflow for payment of capital element of leases	46	—	46	(46)	—	—	—
Cash outflow for repayment of short-term borrowings	906	—	906	(906)	—	—	—
Net cash inflow from short-term borrowings	(886)	—	(886)	886	—	—	—
Remaining cash inflow	—	—	—	2,149	—	—	2,149
Revaluation/interest receivable on securities	39	(76)	(37)	—	11	—	(26)
Interest received on securities	—	—	—	9	(9)	—	—
Financing interest paid	57	21	78	(108)	—	—	(30)
Increase in interest payable and amortisation of borrowings	(90)	(21)	(111)	—	—	—	(111)
New lease agreements and re-measurement of existing lease liabilities	(88)	—	(88)	—	—	—	(88)
Exchange adjustments	60	—	60	(79)	(1)	—	(20)
Group adjusted net (debt)/cash at 30 June 2023	**(3,385)**	**(229)**	**(3,614)**	**6,130**	**543**	**2**	**3,061**

(i) Cash and cash equivalents includes £105 million (2023: £198 million) of restricted cash, of which £nil (2023: £83 million) relates to cash received from the Energy Bill Support Scheme. Restricted cash also includes £3 million (2023: £3 million) within the Spirit Energy business that is not restricted by regulation but is managed by Spirit Energy's own treasury department. Cash and cash equivalents are net of £448 million bank overdrafts (2023: £909 million).

(ii) Securities includes £405 million (2023: £405 million) of loans to the pension schemes and £19 million (2023: £5 million) of other loans receivable, both measured at amortised cost. See note 13 for further details on pension loans provided. Securities also includes £72 million (2023: £66 million) of other debt instruments and £34 million (2023: £67 million) of other equity instruments, both measured at fair value. See note 15.

(iii) Repayment of and inflow from borrowings is in relation to debt repurchase, refinance exercises and repayment of short term borrowing. £370 million of debt instruments have been repurchased in advance of the maturity date. The 2075 hybrid bond designated in a fair value hedge relationship, with a bond carrying value of £435 million and derivative carrying value of £15 million, has been replaced with a 2055 hybrid bond. The 2055 hybrid bond, with a first call date in 2030, resulted in the issue of £405 million notional debt, with £2 million of capitalised transaction fees. Additionally, £37 million of short term borrowing obtained during December 2023 has been repaid, and £7 million of other borrowings were obtained.

(iv) Net cash inflow from other investing activities excludes purchase of securities of £7 million (2023: £17 million) and interest received on securities of £12 million (2023: £9 million) during the period. Cash outflow from other financing activities comprises £8 million payments for own shares (2023: £nil) and cash outflow of £274 million (2023: £340 million) related to the share buyback programme. There is a liability of £70 million (2023: £167 million) recognised at 30 June 2024 related to this programme.

12. Sources of finance

(c) Borrowings, leases and interest accruals summary

	Coupon rate %	Principal m	30 June 2024 Current £m	30 June 2024 Non-current £m	30 June 2024 Total £m	31 December 2023 Current £m	31 December 2023 Non-current £m	31 December 2023 Total £m
Bank overdrafts			(448)	—	(448)	(814)	—	(814)
Bank loans (> 5 year maturity)			—	(121)	(121)	—	(130)	(130)
Other borrowings			—	(27)	(27)	(37)	(20)	(57)
Bonds (by maturity date):								
4 September 2026 (i)	6.400	£52	—	(49)	(49)	—	(50)	(50)
16 April 2027	5.900	US$70	—	(55)	(55)	—	(55)	(55)
13 March 2029 (i)	4.375	£552	—	(488)	(488)	—	(497)	(497)
5 January 2032 (ii)	Zero	€50	—	(71)	(71)	—	(71)	(71)
19 September 2033 (i) (iii)	7.000	£400	—	(317)	(317)	—	(703)	(703)
16 October 2043	5.375	US$367	—	(286)	(286)	—	(284)	(284)
12 September 2044	4.250	£550	—	(539)	(539)	—	(539)	(539)
25 September 2045	5.250	US$50	—	(39)	(39)	—	(38)	(38)
21 May 2055 (i) (iv)	6.500	£405	—	(403)	(403)	—	—	—
10 April 2075 (v)	5.250	£450	—	—	—	—	(428)	(428)
			—	(2,247)	(2,247)	—	(2,665)	(2,665)
Obligations under lease arrangements			(101)	(255)	(356)	(98)	(286)	(384)
Interest accruals			(57)	—	(57)	(53)	—	(53)
			(606)	(2,650)	(3,256)	(1,002)	(3,101)	(4,103)

(i) Bonds or portions of bonds maturing in 2026, 2029, 2033 and 2055 have been designated in a fair value hedge relationship.
(ii) €50 million of zero coupon notes have an accrual yield of 4.2%, which will result in a €114 million repayment on maturity.
(iii) Before the effect of the debt repurchase exercise during the period, the notional value of the 2033 bond was £770 million.
(iv) The Group has the right to repay at par on 21 May 2030 and every interest payment date thereafter.
(v) The 2075 hybrid bond, with a right to repay at par on 10 April 2025, has been repaid during the period.

13. Post-retirement benefits

The Group manages a number of final salary and career average defined benefit pension schemes. It also has defined contribution schemes. The majority of these schemes are in the UK.

(a) Summary of main post-retirement benefit schemes

Name of scheme	Type of benefit	Status	Country
Centrica Engineers Pension Scheme	Defined benefit final salary pension	Closed to new members in 2006	UK
	Defined benefit career average pension	Closed to new members in 2022	UK
Centrica Pension Plan	Defined benefit final salary pension	Closed to new members in 2003	UK
Centrica Pension Scheme	Defined benefit final salary pension	Closed to new members in 2003	UK
	Defined benefit career average pension	Closed to new members in 2008	UK
	Defined contribution pension	Open to new members	UK
Bord Gáis Energy Company Defined Benefit Pension Scheme	Defined benefit final salary pension	Closed to new members in 2014	Republic of Ireland
Bord Gáis Energy Company Defined Contribution Pension Plan	Defined contribution pension	Open to new members	Republic of Ireland

The Centrica Engineers Pension Scheme (CEPS), Centrica Pension Plan (CPP) and Centrica Pension Scheme (CPS) form the significant majority of the Group's defined benefit obligation and are referred to below as the 'Registered Pension Schemes'. The other schemes are individually, and in aggregate, immaterial.

Independent valuations

The Registered Pension Schemes are subject to independent valuations at least every three years, on the basis of which the qualified actuary certifies the rate of employer contributions, which together with the specified contributions payable by the employees and proceeds from the schemes' assets, are expected to be sufficient to fund the benefits payable under the schemes.

The latest full actuarial valuations agreed and finalised with the Pension Trustees were carried out at the following dates: the Registered Pension Schemes at 31 March 2021 and the Bord Gáis Energy Company Defined Benefit Pension Scheme at 1 January 2023. These valuations have been updated to 30 June 2024 for the purpose of meeting the requirements of IAS 19. Investments held in all schemes have been valued for this purpose at market value. For the Registered Pension Schemes, a full actuarial valuation as at 31 March 2024 is currently being undertaken.

The technical provisions deficit (funding basis) for the Registered Pension Schemes was £944 million at the date of the last agreed actuarial valuation as at 31 March 2021. The Group remains committed to additional annual cash contributions to fund this pension deficit. The overall deficit contributions, including the previously disclosed asset-backed contribution arrangements, totalled £175 million in 2021 (of which £99 million was after 31 March), £204 million in 2022, £175 million in 2023; and will amount to £175 million per annum in 2024 and 2025, with a balancing payment of £116 million in 2026. During the period, £76 million of the above amount was paid to the schemes.

On a pure roll-forward basis, from March 2021, using the same methodology and consequent assumptions, the technical provisions deficit (funding basis) would be c.£700 million on 30 June 2024. Note that the valuation methodology and assumptions used for both the actuarial valuation as at 31 March 2024 and for future assessments may differ from those previously used.

At the beginning of 2022, the Group had provided security of £745 million of letters of credit and £250 million cash in escrow to the Registered Pension Schemes. In October 2022, as part of the £400 million loan arrangement from Centrica plc to the Registered Pension Schemes, this security was reduced by £545 million, so that only £450 million of letters of credit remained. When this loan is repaid, currently due in October 2024, replacement security to the Registered Pension Schemes may be required (dependent on the funding position) and the form of security will be at the Group's discretion. At the balance sheet date, the £400 million loan (together with unpaid interest) is recorded in Securities from a Centrica plc Group perspective and as a reduction to scheme assets for the UK Registered Pension Schemes. The Securities balance is included within the Group's Adjusted net cash/(debt). See note 12(b).

Governance

The Registered Pension Schemes are managed by trustee companies whose boards consist of both company-nominated and member-nominated Directors. Each scheme holds units in the Centrica Combined Common Investment Fund (CCCIF), which holds the majority of the combined assets of the Registered Pension Schemes. The board of the CCCIF is currently comprised of seven directors: two independent directors (including the Chair), two directors appointed by Centrica plc and one director appointed by each of the three Registered Pension Schemes.

Under the terms of the Pensions Act 2004, Centrica plc and each trustee board must agree the funding rate for its defined benefit pension scheme and a recovery plan to fund any deficit against the scheme-specific statutory funding objective. This approach was first adopted for the triennial valuations completed at 31 March 2006, and has been reflected in subsequent valuations, including the 31 March 2021 valuation.

13. Post-retirement benefits

(b) Accounting assumptions

The accounting assumptions for the Registered Pension Schemes are given below:

Major assumptions used for the actuarial valuation	**30 June 2024 %**	31 December 2023 %
Rate of increase in employee earnings:		
Subject to 2% cap	**1.6**	1.6
Other not subject to cap	**2.8**	2.6
Rate of increase in pensions in payment	**3.2**	3.0
Rate of increase in deferred pensions:		
In line with CPI capped at 2.5%	**2.5**	2.3
In line with RPI	**3.1**	2.9
Discount rate	**5.2**	4.6

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date have been based on a combination of standard actuarial mortality tables, scheme experience and other relevant data, and include an allowance for future improvements in mortality.

For the Registered Pension Schemes, marginal adjustments to the assumptions used to calculate the pension liability, or significant swings in bond yields or stock markets, can have a large impact in absolute terms on the net assets of the Group. Reasonably possible changes as at 30 June to one of the actuarial assumptions would have affected the scheme liabilities as set out below:

Impact of changing material assumptions	**30 June 2024**		31 December 2023	
	Increase/ decrease in assumption	**Indicative effect on scheme liabilities %**	Increase/ decrease in assumption	Indicative effect on scheme liabilities %
Rate of increase in employee earnings subject to 2% cap	**1.00 %**	**+/-1**	1.00 %	+/-1
Rate of increase in pensions in payment and deferred pensions	**1.00 %**	**+14/-11**	1.00 %	+15/-12
Discount rate	**1.00 %**	**-15/+18**	1.00 %	-16/+20
Inflation assumption	**1.00 %**	**+14/-12**	1.00 %	+15/-12
Longevity assumption	**1 year**	**+/-2**	1 year	+/-3

The indicative effects on scheme liabilities have been calculated by changing each assumption in isolation and assessing the impact on the liabilities. For the reasonably possible change in the inflation assumption, it has been assumed that a change to the inflation assumption would lead to corresponding changes in the assumed rates of increase in uncapped pensionable pay, pensions in payment and deferred pensions.

(c) Amounts included in the Group Balance Sheet

	30 June 2024 £m	31 December 2023 £m
Fair value of plan assets	**5,845**	6,143
Present value of defined benefit obligation	**(5,798)**	(6,260)
Recognised in the Group Balance Sheet	**47**	(117)
Presented in the Group Balance Sheet as:		
Retirement benefit assets	**186**	64
Retirement benefit liabilities	**(139)**	(181)

The Trust Deed and Rules for the Registered Pension Schemes provide the Group with a right to a refund of surplus assets assuming the full settlement of scheme liabilities. The Trustees do not have the unilateral right to wind-up the schemes and cannot unilaterally enhance member benefits. The Group has not recognised any liability in relation to future contributions under its minimum funding agreement with the Trustees. No asset ceiling restrictions have been applied in the consolidated Financial Statements.

Included in the Group Balance Sheet within non-current securities are £106 million (31 December 2023: £104 million) of investments, held in trust on behalf of the Group as security in respect of the Centrica Unapproved Pension Scheme. Of the pension scheme liabilities above, £48 million (31 December 2023: £49 million) relates to this scheme.

14. Trade and other receivables and contract-related assets

Trade and other receivables include accrued income, and are amounts owed by our customers for goods we have delivered or services we have provided. These balances are presented net of expected credit losses. Other receivables include payments made in advance to our suppliers. Contract-related assets are balances arising as a result of the Group's contracts with customers in the scope of IFRS 15.

	30 June 2024		31 December 2023	
	Current £m	Non-current £m	Current £m	Non-current £m
Financial assets:				
Trade receivables	3,343	—	2,991	—
Unbilled downstream energy income	611	—	1,065	—
Trading and energy procurement accrued income (i)	905	—	1,782	—
Other accrued income	77	—	76	—
Cash collateral posted	113	—	260	—
Supplier of Last Resort receivables	13	—	45	3
Other receivables (including contract assets)	187	76	176	101
	5,249	76	6,395	104
Less: provision for credit losses (ii)	(1,482)	—	(1,309)	—
	3,767	76	5,086	104
Non-financial assets: prepayments, other receivables and costs to obtain a contract with a customer (iii)	321	134	323	106
	4,088	210	5,409	210

(i) Trading and energy procurement counterparty receivables are typically with customers with external, published credit ratings. Such receivables have typically much lower credit risk than downstream counterparties, are settled in a short period of time and expected credit losses are not significant.

(ii) The movement in provision for credit losses includes £79 million (31 December 2023: £173 million) related to receivables written off during the period.

(iii) Includes costs of £8 million (2023: £10 million) incurred to obtain contracts with customers in the British Gas Energy and British Gas Services & Solutions segments. Costs are amortised over the expected tenure of the customer contract.

The amounts above include gross amounts receivable arising from the Group's IFRS 15 contracts with customers of £3,251 million (31 December 2023: £2,782 million). Additionally, accrued income of £653 million (31 December 2023: £1,115 million) arising under IFRS 15 contracts is included.

Trade and other receivables include financial assets representing the contractual right to receive cash or other financial assets from residential customers, business customers and treasury, trading and energy procurement counterparties as follows:

	30 June 2024		31 December 2023	
	Current £m	Non-current £m	Current £m	Non-current £m
Financial assets by business type:				
Residential customers (i)	2,703	—	2,725	3
Business customers	1,361	76	1,516	98
Treasury, trading and energy procurement counterparties	1,185	—	2,154	3
	5,249	76	6,395	104
Less: provision for credit losses	(1,482)	—	(1,309)	—
	3,767	76	5,086	104

(i) Residential customers include current other receivables of £13 million (31 December 2023: £45 million) and non-current other receivables of £nil (31 December 2023: £3 million) in relation to Supplier of Last Resort (SoLR) claims.

14. Trade and other receivables and contract related assets

Credit loss charge for trade and other receivables

Receivables from residential and business customers are generally considered to be credit impaired when the payment is past the contractual due date. The Group applies different definitions of default for different groups of customers, ranging from sixty days past the due date to six to twelve months from the issuance of a final bill. Receivables are generally written off once twelve months has elapsed since the final bill. Contractual due dates range from falling due upon receipt to falling due in thirty days from receipt.

The table below shows credit impaired balances in gross receivables (those that are past due) and those that are not yet due and therefore not considered to be credit impaired.

Gross trade and other receivables	30 June 2024 £m	31 December 2023 £m
Balances that are not past due	3,027	4,403
Balances that are past due (i)	2,222	1,992
	5,249	6,395

(i) The majority of balances that are past due relate to residential and business customers, ageing of these receivables is included in the credit risk tables in the sections below.

The IFRS 9 impairment model is applicable to the Group's financial assets including trade receivables, contract assets and other financial assets. As the majority of the relevant balances are trade receivables and contract assets to which the simplified model applies, this disclosure focuses on these balances.

The provision for credit losses for trade receivables and contract assets is based on an expected credit loss model that calculates the expected loss applicable to the receivable balance over its lifetime. Expected credit losses on receivables due from treasury, trading and energy procurement counterparties are not significant. For residential and business customers default rates are calculated initially by considering historical loss experience and applied to trade receivables within a provision matrix. The matrix approach allows application of different default rates to different groups of customers with similar characteristics. These groups are determined by a number of factors including; the nature of the customer, the payment method selected and, where relevant, the sector in which they operate. The characteristics used to determine the groupings of receivables are the factors that have the greatest impact on the likelihood of default. The rate of default increases once the balance is thirty days past due.

Concentration of credit risk in trade and other receivables

Treasury, trading and energy procurement counterparty receivables are typically with customers with external, published credit ratings. Such receivables have typically much lower credit risk than downstream counterparties, and that risk is assessed primarily by reference to the credit ratings rather than to the ageing of the relevant balance.

The Group's cash collateral balance has decreased to £113 million at 30 June 2024 (31 December 2023: £260 million) as a result of lower commodity prices. Collateral counterparties typically have strong credit ratings and accordingly have low credit risk; the Group does not expect credit losses to arise on these balances.

The majority of the Group's credit exposure arises in the British Gas Energy and Centrica Business Solutions segments and relates to residential and business energy customers. The credit risk associated with these customers is assessed as described above, using a combination of the age of the receivable in question, internal ratings based on a customer's payment history, and external data from credit rating agencies and wider macroeconomic information. The disclosures below reflect the information that is reported internally for credit risk management purposes in these segments.

14. Trade and other receivables and contract related assets

British Gas Energy credit risk

Of the Group total of £3,343 million (31 December 2023: £2,991 million) billed trade receivables, the British Gas Energy reporting segment contributes £2,755 million (31 December 2023: £2,380 million). British Gas Energy includes small business customers on the basis that their profile closely matches those of residential customers. As described above, credit risk is concentrated in receivables from energy customers who pay in arrears. Gross receivables from these British Gas Energy residential customers amount to £1,957 million (31 December 2023: £1,651 million) and are analysed below.

Trade receivables due from British Gas residential energy customers as at [i]	**30 June 2024**					31 December 2023				
Days beyond invoice date [ii]	< 30 days £m	30-90 days £m	>90 days £m	**Total £m**	Percentage of credit risk	< 30 days £m	30-90 days £m	>90 days £m	Total £m	Percentage of credit risk
Risk profile										
Direct debits [iii]										
Gross receivables	282	151	235	**668**		310	55	171	536	
Provision	—	—	(8)	**(8)**		—	—	(7)	(7)	
Net	282	151	227	**660**	**1%**	310	55	164	529	1%
Payment on receipt of bill [iii]										
Gross receivables	90	63	785	**938**		114	71	650	835	
Provision	(4)	(9)	(483)	**(496)**		(4)	(9)	(412)	(425)	
Net	86	54	302	**442**	**53%**	110	62	238	410	51%
Final bills [iv]										
Gross receivables	27	40	284	**351**		21	27	232	280	
Provision	(5)	(17)	(254)	**(276)**		(4)	(12)	(199)	(215)	
Net	22	23	30	**75**	**79%**	17	15	33	65	77%
Total net British Gas residential energy customers trade receivables	**390**	**228**	**559**	**1,177**	**40%**	437	132	435	1,004	39%

(i) The receivables information presented in this table relates to downstream customers who pay energy bills using the methods presented. It excludes low residual credit risk amounts, such as balances in the process of recovery through pay-as-you-go energy (PAYGE) arrangements and amounts receivable from PAYGE energy vendors. Gross amounts in the process of recovery through PAYGE arrangements at 30 June 2024 are £150 million (31 December 2023: £154 million), against which a provision of £112 million is held (31 December 2023: £117 million).

(ii) This ageing analysis is presented relative to invoicing date and presents receivables according to the oldest invoice outstanding with the customer. There are a range of payment terms extended to residential energy customers. Amounts paid on receipt of a bill (PORB), which are settled using bank transfers, cash or cheques are typically due within fourteen days of invoicing. Direct debit customers typically pay in equal instalments over a twelve-month period.

(iii) Receivables settled by direct debit are deemed to present a lower credit risk than PORB amounts. This is reflected in the relative level of provision held for these types of receivables.

(iv) Final bill customers are those who are no longer customers of the Group and have switched energy supplier. These balances are deemed to have the highest credit risk.

Gross receivables from British Gas Energy small business customers amount to £648 million (31 December 2023: £575 million) and are analysed below.

Trade receivables due from British Gas small business energy customers as at	**30 June 2024**					31 December 2023				
Days beyond invoice date [i]	< 30 days £m	30-90 days £m	>90 days £m	**Total £m**	Percentage of credit risk	< 30 days £m	30-90 days £m	>90 days £m	Total £m	Percentage of credit risk
Risk profile										
Small businesses										
Gross receivables	90	65	493	**648**		115	53	407	575	
Provision	(3)	(12)	(371)	**(386)**		(3)	(8)	(302)	(313)	
Total net British Gas small business energy customers trade receivables	**87**	**53**	**122**	**262**	60%	112	45	105	262	54%

(i) This ageing analysis is presented relative to invoicing date and presents receivables according to the oldest invoice outstanding with the customer. There are a range of payment terms extended to business energy customers. Average credit terms for small business customers are ten working days.

Unbilled downstream energy income at 30 June 2024 includes gross balances of £421 million in respect of British Gas energy customers (31 December 2023: £693 million), against which a provision of £31 million is held (31 December 2023: £56 million).

14. Trade and other receivables and contract related assets

Centrica Business Solutions energy credit risk

Of the Group total of £3,343 million (31 December 2023: £2,991 million) billed trade receivables, the Centrica Business Solutions reporting segment contributes £245 million (31 December 2023: £313 million). As described above, credit risk is concentrated in receivables from business energy customers who pay in arrears, the remaining balances being immaterial in disaggregation. Gross receivables from these customers amount to £211 million (31 December 2023: £269 million) and are analysed below.

Trade receivables due from Centrica Business Solutions business energy customers as at	**30 June 2024**					31 December 2023				
Days beyond invoice date [(i)]	< 30 days £m	30-90 days £m	>90 days £m	**Total £m**	Percentage of credit risk	< 30 days £m	30-90 days £m	>90 days £m	Total £m	Percentage of credit risk
Risk profile										
Commercial and industrial [(ii)]										
Gross receivables	34	6	18	**58**		75	9	26	110	
Provision	—	—	(11)	**(11)**		—	—	(13)	(13)	
Net	34	6	7	**47**	**19%**	75	9	13	97	12%
Medium-sized entities										
Gross receivables	28	19	106	**153**		50	19	90	159	
Provision	—	(1)	(66)	**(67)**		—	(1)	(57)	(58)	
Net	28	18	40	**86**	**44%**	50	18	33	101	36%
Total net Centrica Business Solutions business energy customers trade receivables	**62**	**24**	**47**	**133**	**37%**	125	27	46	198	26%

(i) This ageing analysis is presented relative to invoicing date and presents receivables according to the oldest invoice outstanding with the customer. There are a range of payment terms extended to business energy customers. Average credit terms for medium-sized entity customers are ten working days. Credit terms for commercial and industrial customers are bespoke and are set based on the commercial agreement with each customer.

(ii) This category includes low credit risk receivables, including those from public sector and customers with high turnover (greater than £100 million).

Unbilled downstream energy income at 30 June 2024 includes gross balances of £132 million in respect of Centrica Business Solutions business energy customers (31 December 2023: £239 million), against which a provision of £7 million is held (31 December 2023: £14 million).

The remaining reporting segments which are not shown above are not considered to have material credit risk.

14. Trade and other receivables and contract related assets

Sensitivity to changes in assumptions

Typically, the most significant assumption included within the expected credit loss provisioning model that gives rise to estimation uncertainty is that future performance will be reflective of past performance and that there will be no significant change in the payment profile or recovery rates within each identified group of receivables. To address this risk, the Group reviews and updates default rates, by group, on a regular basis to ensure they incorporate the most up to date assumptions along with forward-looking information where available and relevant. The Group also considers regulatory changes and customer segment specific factors that may have an impact, now or in the future, on the recoverability of the balance.

The specific consideration of forward-looking information in the impairment model may give rise to significant changes in the levels of credit losses. Although inflationary pressures are decreasing, both interest rates and wholesale gas and electricity costs remain elevated and continue to cause uncertainty in economic outlook. The economic recovery remains vulnerable and there remains a level of estimation uncertainty inherent in determining credit loss provisions for the Group's trade receivables.

Where customers experience difficulties in settling balances, the increased ageing of these amounts results in an increase in provisions held in respect of them under the provision matrix approach employed. The Group has also considered changes in customer payment patterns, the specific circumstances of the customers and the economic impacts of the factors identified above, on the sectors in which they operate. Whilst economic recovery is expected, a level of unpredictability remains apparent.

Customers are continuing to face cost of living challenges, including persistently high energy bills and higher interest rates. The Group has considered macroeconomic forecasts and sensitivities, as well as disposable income analysis from a credit rating agency, to model and determine the level of provisions for credit losses.

During the period, the Group recognised credit losses of £252 million (2023: £309 million) in respect of financial assets, representing 2.5% of total Group revenue (2023: 1.9%) and 2.0% of total Group revenue from business performance (2023: 1.5%). As described above, the majority of the Group's credit exposure arises in respect of downstream energy receivables in British Gas Energy and Centrica Business Solutions. Credit losses in respect of these assets amounted to £243 million (2023: £300 million). This represents 3.1% (2023: 2.2%) of total UK downstream energy supply revenue from these segments of £7,908 million (2023: £13,753 million). Further details of segmental revenue are provided in note 4.

Due to the different level of risks presented by billed and unbilled receivables, these asset groups are considered separately in the analysis below.

Billed trade receivables

	30 June 2024 £m	31 December 2023 £m
Trade receivables	**3,343**	2,991
Provision	**(1,444)**	(1,240)
Net balance	**1,899**	1,751

	30 June 2024 %	31 December 2023 %
Provision coverage	**43**	41
Sensitivity	**£m**	£m
Impact on billed receivables/operating profit from 1 percentage point (increase)/decrease in provision coverage [(i)]	**(34)/34**	(30)/30

(i) Credit risk in the Group is impacted by a large number of interacting factors.

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14.Trade and other receivables and contract related assets

Overall billed debt levels have increased since 31 December 2023 and the total provision coverage has also risen. The increase in provision is driven primarily by the continued deterioration seen in the portfolio of customers who pay on receipt of their bill. The debt performance from this cohort of customers has continued to decline gradually, with more customers having aged energy debts accrued during the ongoing cost of living crisis. Some field enforcement activity resumed during the period, however this is limited in nature, and warrant activity remains suspended which continues to impact debt performance for affected cohorts of customers.

Despite a fall in the commodity price environment and a lower rate of inflation during the period, the macroeconomic environment continues to be challenging due to persistently high interest rates and low growth forecasts. Some leading debt indicators, including the number of customers going into debt in the Group's residential portfolio have improved during the first half of 2024 although the Group remains cautious regarding the ability of the Group's customers to pay amounts due, particularly with regard to aged debt.

These factors all result in the assessment and adequacy of credit provisions for trade and other receivables remaining uncertain. The Group utilises a range of factors, including both internal and external, historical and forward-looking, to assess the adequacy of the Group's credit provisions. The Group utilises a matrix output model to record provision coverage. Because the model does not capture scenarios where there is a delayed impact on customer payments, such as forward-looking macroeconomic challenges, the Group recognises an additional macroeconomic provision to reflect the impact of such scenarios on amounts due. At 31 December 2023, the additional macroeconomic credit provision recognised by the Group was £175 million. Due to the passage of time, some of this delayed impact is now more fully incorporated into the matrix output model, and as such, the additional macroeconomic credit provision recognised by the Group is reducing. The provision now totals £132 million across billed and unbilled debt and is included in the tables both above and below. Management considers the impact of specific cohorts of customers when making this assessment, recognising the different credit terms and different risk profiles that exist. This assessment also utilises a range of factors, both internal and external, historical and forward-looking, and considers the sensitivities of these to help management estimate the likely recovery of debt. The table above and the unbilled section below provide details of the sensitivity of moving the debt provision by a further 1%.

The Group's services, upstream and trading operations are less susceptible to credit risk. No significant deterioration of credit risk has been experienced or is expected in the relevant segments in respect of billed trade receivables recognised at 30 June 2024, taking into account cash collection cycles in those areas of the Group and credit rating information.

Unbilled downstream energy income

The table below shows the IFRS 15 unbilled downstream energy income for the Group as a whole.

	30 June 2024 £m	31 December 2023 £m
Gross unbilled receivables	611	1,065
Provision	(38)	(69)
Net balance	573	996

	30 June 2024 %	31 December 2023 %
Provision coverage	6	6
Sensitivity	£m	£m
Impact on unbilled receivables/operating profit from 1 percentage point (increase)/decrease in provision coverage [(i)]	(6)/6	(11)/11

(i) Credit risk in the Group is impacted by a large number of interacting factors.

Unbilled downstream energy income is typically provided at a significantly lower rate than billed debt. This is because a large proportion of this debt once billed will be subject to the very short cash collection cycles of the Group's downstream energy supply businesses.

15. Financial instruments

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group has documented internal policies for determining fair value including methodologies used to establish valuation adjustments required for credit risk.

(a) Fair value hierarchy

Financial assets and financial liabilities measured and held at fair value are classified into one of three categories, known as hierarchy levels, which are defined according to the inputs used to measure fair value as follows:

- Level 1: fair value is determined using observable inputs that reflect unadjusted quoted market prices for identical assets and liabilities;
- Level 2: fair value is determined using significant inputs that may be directly observable inputs or unobservable inputs that are corroborated by market data; and
- Level 3: fair value is determined using significant unobservable inputs that are not corroborated by market data and may be used with internally developed methodologies that result in management's best estimate of fair value.

	30 June 2024				31 December 2023			
	Level 1 £m	Level 2 £m	Level 3 £m	**Total £m**	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets								
Derivative financial instruments:								
Energy derivatives	—	1,571	91	**1,662**	—	2,995	156	3,151
Foreign exchange derivatives	—	101	—	**101**	—	121	—	121
Debt instruments	72	—	26	**98**	72	—	1	73
Equity instruments	34	—	97	**131**	32	—	60	92
Cash and cash equivalents	—	4,903	—	**4,903**	—	4,859	—	4,859
Total financial assets at fair value	**106**	**6,575**	**214**	**6,895**	104	7,975	217	8,296
Financial liabilities								
Derivative financial instruments:								
Energy derivatives	—	(782)	(201)	**(983)**	—	(2,436)	(272)	(2,708)
Interest rate derivatives	—	(136)	—	**(136)**	—	(136)	—	(136)
Foreign exchange derivatives	—	(79)	—	**(79)**	—	(162)	—	(162)
Contingent consideration payable	—	—	(114)	**(114)**	—	—	(123)	(123)
Total financial liabilities at fair value	**—**	**(997)**	**(315)**	**(1,312)**	—	(2,734)	(395)	(3,129)

The reconciliation of the Level 3 fair value measurements during the period is as follows:

	2024		2023	
Six months ended 30 June	**Financial assets £m**	**Financial liabilities £m**	Financial assets £m	Financial liabilities £m
Level 3 financial instruments				
1 January	**217**	**(395)**	610	(946)
Total realised and unrealised (losses)/gains:				
Recognised in Group Income Statement	**(32)**	**24**	(316)	166
Recognised in Other Comprehensive Income	**12**	**—**	—	—
Net movement in contingent consideration liability	**—**	**9**	—	(19)
Purchases, sales, issuances and settlements (net)	**27**	**48**	(47)	111
Transfers between Level 3 and Level 2 [(i)]	**(10)**	**(2)**	(105)	132
Foreign exchange movements	**—**	**1**	(2)	—
30 June	**214**	**(315)**	140	(556)
Total gains/(losses) for the period for Level 3 financial instruments held at the end of the reporting period	**—**	**18**	(316)	166

(i) Transfers between levels are deemed to occur at the beginning of the reporting period.

(b) Valuation techniques used to derive Level 2 and Level 3 fair values and Group valuation process

Level 2 interest rate derivatives and foreign exchange derivatives comprise interest rate swaps and forward foreign exchange contracts. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves. Forward foreign exchange contracts are fair valued using forward exchange rates that are quoted in an active market, with the resulting market value discounted back to present value using observable yield curves.

Level 2 energy derivatives are fair valued by comparing and discounting the difference between the expected contractual cash flows for the relevant commodities and the quoted prices for those commodities in an active market. The average discount rate applied to value this type of contract during the period was 5% per annum (31 December 2023 average discount rate of 5% per annum).

For Level 3 energy derivatives, the main input used by the Group pertains to deriving expected future commodity prices in markets that are not active as far into the future as some of the Group's contractual terms. This applies to certain contracts within Europe and North America. Fair values are then calculated by comparing and discounting the difference between the expected contractual cash flows and these derived future prices using an average discount rate of 5% per annum (31 December 2023 average discount rate of 5% per annum).

Active period of markets	Gas	Power	Coal	Emissions	Oil
UK (years)	4	4	3	3	4

Because the Level 3 energy derivative valuations involve the prediction of future commodity market prices, sometimes a long way into the future, reasonably possible alternative assumptions for gas, power, coal, emissions or oil prices may result in a higher or lower fair value for Level 3 financial instruments. Given the relative size of the volumetric exposures and these fair values, it is unlikely that the impact of these reasonably possible changes would be significant when judged in relation to the Group's profit and loss or total asset value.

It should be noted that the fair values disclosed in the tables above only concern those contracts entered into that are within the scope of IFRS 9. The Group has numerous other commodity contracts that are outside of the scope of IFRS 9 and are not fair valued. The Group's actual exposure to market rates is constantly changing as the Group's portfolio of energy contracts changes.

The Group's valuation process includes specific teams of individuals that perform valuations of the Group's derivatives for financial reporting purposes, including Level 3 valuations. The Group has an independent team that derives future commodity price curves based on available external data and these prices feed in to the energy derivative valuations, subject to adjustments to ensure they are compliant with IFRS 13: 'Fair value measurement'. The price curves are subject to review and approval by the Centrica Investment Committee. The valuations of all derivatives, together with other contracts that are not within the scope of IFRS 9 are also reviewed regularly as part of the overall risk management process.

Where the fair value at initial recognition for contracts which extend beyond the active period differs from the transaction price, a day-one gain or loss will arise. Such gains and losses are deferred and amortised to the Group Income Statement based on volumes purchased or delivered over the contractual period until such time as observable market data becomes available. The amount that has yet to be recognised in the Group Income Statement relating to the differences between the transaction prices and the amounts that would have arisen had valuation techniques used for subsequent measurement been applied at initial recognition, less subsequent releases, is as follows:

Day-one (losses)/gains deferred	**2024 £m**	2023 £m
1 January	**142**	304
Net (losses)/gains deferred on transactions in the period	**(268)**	62
Net amounts recognised in Group Income Statement	**(17)**	(140)
Exchange differences	**(4)**	(9)
30 June	**(147)**	217

Level 3 debt and equity financial instruments are measured at fair value in accordance with IFRS 13. These fair value measurements reflect the assumptions that market participants would use when pricing the asset based on an exit price concept. The fair value of investments in debt securities is determined using discounted cash flow techniques. The discount rates are derived from market observable interest rates adjusted by a credit spread applicable to the particular instrument. Unlisted equity instruments are valued using an income approach. The estimated future cash flows, usually based on management forecasts of future economic benefits to be derived from the ownership of these investees, are discounted using rates appropriate to the specific investment, business sector or recent economic rates of return. Recent transactions involving the sale of similar businesses may sometimes be used as a frame of reference in deriving an appropriate multiple.

(c) Fair value of financial assets and liabilities held at amortised cost

The carrying value of the Group's financial assets and liabilities measured at amortised cost are approximately equal to their fair value except as listed below:

			30 June 2024			31 December 2023		
		Notes	**Carrying value £m**	**Fair value £m**	**Fair value hierarchy**	Carrying value £m	Fair value £m	Fair value hierarchy
Bonds	Level 1	12	**(2,176)**	**(2,183)**	**Level 1**	(2,594)	(2,769)	Level 1
	Level 2	12	**(71)**	**(80)**	**Level 2**	(71)	(79)	Level 2

Bank borrowings

The fair values of bonds classified as Level 1 within the fair value hierarchy are calculated using quoted market prices. The fair values of Level 2 bonds have been determined by discounting cash flows with reference to relevant market rates of interest. The fair values of overdrafts and bank loans are assumed to materially equal their carrying values.

Other financial instruments

Due to their nature and/or short-term maturity, the fair values of trade and other receivables, cash and cash equivalents, trade and other payables, other borrowings and securities held at amortised cost are estimated to approximate their carrying values.

16. Commitments and contingencies

(a) Commitments

Commitments are not held on the Group's Balance Sheet as these are executory arrangements, and relate to amounts that we are contractually required to pay in the future as long as the other party meets its contractual obligations.

The Group's commitments primarily relate to the acquisition of property, plant and equipment and intangible assets, commodity purchase contracts, and contracts for LNG, transportation and other capacity.

Commodity purchase contract commitments have decreased by £5 billion since 31 December 2023 to £36 billion.

There have been no significant changes to other commitments during the period.

(b) Contingent liabilities

The Group has no material contingent liabilities (31 December 2023: £nil).

17. Events after the balance sheet date

The Group updates disclosures in light of new information being received, or a significant event occurring, in the period between 30 June 2024 and the date of this report.

On 24 July 2024 the Directors approved an interim dividend of 1.50 pence per share. See note 10. The Group also announced an intention to extend the existing share buyback programme by an additional £200 million.

18. Related Party Transactions

The Group's principal related party is its investment in Lake Acquisitions Limited, which owns the existing UK nuclear power station fleet. The disclosures below, including comparatives, only refer to related parties that were related in the current reporting period.

During the period, the Group entered into the following arm's length transactions with related parties who are not members of the Group, and had the following associated balances:

	2024		2023	
	Purchase of goods and services (i) £m	Amounts owed to (ii) £m	Purchase of goods and services (i) £m	Amounts owed to (iii) £m
Associates:				
Nuclear	(428)	(62)	(254)	(94)
Joint ventures	—	—	(1)	—
	(428)	(62)	(255)	(94)

(i) Six months ended 30 June.
(ii) As at 30 June.
(iii) As at 31 December.

During the period, there were no material changes to commitments in relation to joint ventures and associates.

At the balance sheet date, the Group had committed facilities to the Lake Acquisition Group totalling £40 million (31 December 2023: £120 million), although nothing has been drawn down at 30 June 2024 (31 December 2023: £nil).

19. Financial risk management

The Group's normal operating, investing and financing activities expose it to a variety of financial risks: market risk (including commodity price risk, currency risk, and interest rate risk), credit risk and liquidity risk. These condensed interim Financial Statements do not include all financial risk management information and disclosures included in note S3 of the Group's consolidated Financial Statements for the year ended 31 December 2023.

The Group's normal operating, investing and financing activities expose it to a variety of risks. Risk management is fundamental to the way the Group is governed and managed. The system of risk management and internal control is set out in the 2023 Annual Report and Accounts.

Credit and liquidity risk has generally remained stable through the first half of 2024, as inflation has eased, and volatility in wholesale energy prices has reduced. Customer debt levels remain close to plan in the period to June 2024.

Despite the ongoing conflicts in Ukraine and Gaza, global wholesale energy prices have stabilised. Liquified Natural Gas (LNG) imports into Europe continue, helping to keep gas and power prices depressed while Russian gas supply is still largely removed due to sanctions currently in place. In February 2024 Centrica announced a new LNG deal with Repsol, whereby Centrica will purchase one million tonnes of LNG between 2025 and 2027. These cargoes are expected to be delivered into the Isle of Grain terminal in the UK.

Financial risks are assessed at a Business Unit (BU) level to determine the impact and likelihood. During the BU and Group level risk reviews, the adequacy of mitigating actions are considered given the net residual risk scores in comparison to the Group risk appetite.

Bi-annually, the Group Financial Risks are presented to the Centrica Leadership Team (CLT) for review and challenge. These include the aggregate risk assessments from the BU 'bottom-up' process and any Group-level risk assessments. All Group Principal Risks including financial risks as updated by the CLT are presented to the Audit and Risk Committee for review.

The four main areas of financial risk are managed as follows:

(i) commodity price risk management is carried out in accordance with the individual business unit policies and directives including appropriate escalation routes, as approved by the Group Hedging Policy Committee;

(ii) treasury risk management, including management of currency risk, interest rate risk and liquidity risk is carried out by a central Group Treasury function in accordance with the Group's Financing and Treasury Policy, as approved by the Board;

(iii) wholesale credit risks associated with commodity trading and treasury positions are managed in accordance with the Group's Credit Risk Policy, including appropriate escalation routes; and

(iv) downstream customer credit risk management is carried out in accordance with individual business unit credit policies.

Credit risk is the risk of loss associated with a counterparty's inability or failure to discharge its obligations under a contract. The Group continually reviews its rating thresholds for relevant counterparty credit limits and updates these as necessary, based on a consistent set of principles. It continues to operate within its limits. In respect of trading activities across Europe there is an effort to maintain a balance between exchange-based trading and bilateral transactions. This allows for a reasonable balance between counterparty credit risk and potential liquidity requirements. In addition, the Group actively manages the trade-off between credit and liquidity risks by optimising the use of contracts with collateral obligations and physically settled contracts without collateral obligations.

The Group has a number of treasury and risk policies to monitor and manage liquidity risk. Cash forecasts identifying the Group's liquidity requirements are produced regularly and are stress tested for different scenarios, including, but not limited to, reasonably possible increases or decreases in commodity prices and the potential cash implications of a credit rating downgrade. The Group seeks to ensure that sufficient financial headroom exists for at least a twelve-month period to safeguard the Group's ability to continue as a going concern.

It is the Group's policy to maintain committed facilities and/or available surplus cash resources of at least £1,200 million, raise at least 75% of its gross debt (excluding non-recourse debt) in the capital market and to maintain an average term to maturity in the recourse long-term debt portfolio greater than five years.

At 30 June 2024 the Group had undrawn committed credit facilities of £3,869 million (31 December 2023: £3,784 million) and £5,498 million (31 December 2023: £5,525 million) of unrestricted cash and cash equivalents, net of outstanding overdrafts. 79% (31 December 2023: 80%) of the Group's gross debt has been raised in the long-term debt market and the average term to maturity of the long-term debt portfolio was 10.0 years (2023: 10.5 years). The Group's liquidity is impacted by the cash posted or received under margin and collateral agreements. The terms and conditions of these agreements depend on the counterparty and the specific details of the transaction. Margin/collateral is generally posted or received to support energy trading and procurement activities. It is posted when contracts with marginable counterparties are out of the money and received when contracts are in the money. Cash is generally returned to the Group or by the Group within two days of trade settlement. At 30 June 2024 the collateral position was as follows:

	30 June 2024 £m	31 December 2023 £m
Collateral (received)/posted included within:		
Trade and other payables	**(103)**	(184)
Trade and other receivables	**113**	260
Collateral posted extinguishing:		
Net derivative liabilities (i)	**147**	164
Net collateral posted (ii)	**157**	240

(i) Variation margin on daily settled derivatives results in the extinguishment of the net derivative asset/liability. These contracts remain outstanding until a future delivery date, and therefore the cumulative daily settlement is considered collateral until that fulfilment date.

(ii) Movements during the period of net collateral (received)/posted include an exchange adjustment debit of £2 million (2023: £2 million credit).

20. Seasonality of operations

Certain activities of the Group are affected by weather and temperature conditions. As a result of this, amounts reported for the six-month period ended 30 June 2024 may not be indicative of the amounts that would be reported for a full year due to seasonal fluctuations in customer demand for gas, electricity and services, the impact of weather on demand and commodity prices, and market changes in commodity prices and retail tariffs.

Customer demand for gas in the UK and the Republic of Ireland is driven primarily by heating load and is generally higher in the winter than in the summer, and higher from January to June than from July to December. Customer demand for electricity in the UK and the Republic of Ireland generally follows a similar pattern to gas, but is more stable.

Customer demand for home services in the UK is generally higher in the winter than it is in the summer, and higher in the earlier part of the winter as that is typically when heating systems tend to break down most, so that customer demand from July to December is higher than from January to June.

Gas production volumes are generally higher in the winter when gas prices are higher. Gas production volumes are generally higher from January to June than they are from July to December as outages are generally planned for the summer months when gas demand and prices are at their lowest.

The impact of seasonality on customer demand and wholesale prices has a direct effect on the Group's financial performance and cash flows.

Explanatory Notes

Definitions and reconciliation of adjusted performance measures

Centrica's 2024 Interim Results include a number of non-GAAP measures. These measures are chosen as they provide additional useful information on business performance and underlying trends. They are also used to measure the Group's performance against its strategic financial framework. They are not however, defined terms under IFRS and may not be comparable with similarly titled measures reported by other companies. Where possible they have been reconciled to the statutory equivalents from the primary statements (Group Income Statement ('I/S'), Group Balance Sheet ('B/S'), Group Cash Flow Statement ('C/F')) or the notes to the Financial Statements.

Adjusted revenue, adjusted gross margin, adjusted operating profit, adjusted earnings and free cash flow have been defined and reconciled separately in notes 3, 4 and 9 to the Financial Statements where further explanation of the measures is given. Additional performance measures are used within these Financial Statements to help explain the performance of the Group and these are defined and reconciled below. Further information has been provided to help readers when reconciling between different parts of the consolidated Group Financial Statements, and when reconciling cash flow measures to the Group Cash Flow Statement.

Adjusted EBITDA

Adjusted EBITDA is a business performance measure of operating profit, after adjusting for depreciation and amortisation. It provides a performance measure in its own right, and provides a bridge between the Group Income Statement and the Group's key cash metrics.

Six months ended 30 June	Notes	2024 £m	2023 £m	Change
Group operating profit	I/S	**1,677**	6,462	
Exceptional items included within Group operating profit and certain re-measurements before taxation	6	**(116)**	323	
Certain re-measurements before taxation	6	**(526)**	(4,702)	
Share of profits of joint ventures and associates, net of interest and taxation [i]	I/S	**(158)**	(68)	
Depreciation and impairments of PP&E [i]	4	**212**	217	
Amortisation and impairments of intangibles [i]	4	**45**	72	
Group total adjusted EBITDA		**1,134**	2,304	(51)%

(i) These line items relate to business performance only.

The below table shows how adjusted EBITDA reconciles to free cash flow:

Six months ended 30 June	Notes	2024 £m	2023 £m
Adjusted EBITDA		**1,134**	2,304
Group operating profit including share of joint ventures and associates, from exceptional items and certain re-measurements	I/S	**642**	4,379
Share of losses of joint ventures and associates, net of interest and taxation, from exceptional items and certain re-measurements	I/S	**—**	1
Depreciation, amortisation, write downs, impairments and write-backs, from exceptional items and certain re-measurements	I/S	**(116)**	323
Gain on disposals	C/F	**(4)**	—
Decrease in provisions	C/F	**(18)**	(1,035)
Cash contributions to defined benefit schemes in excess of service cost income statement charge	C/F	**(92)**	(96)
Employee share scheme costs	C/F	**23**	15
Unrealised gains arising from re-measurement of energy contracts	C/F	**(288)**	(3,074)
Net movement in working capital	C/F	**(149)**	82
Taxes paid	C/F	**(323)**	(402)
Operating interest paid	C/F	**(8)**	(8)
Payments relating to exceptional charges in operating profit	C/F	**(3)**	(4)
Net cash flow from operating activities		**798**	2,485
Purchase of businesses, net of cash acquired	C/F	**(6)**	(5)
Sale of businesses, including receipt of deferred consideration	C/F	**4**	55
Purchase of property, plant and equipment and intangible assets	C/F	**(165)**	(176)
Investments in joint ventures and associates	C/F	**—**	(9)
Dividends received from joint ventures and associates	C/F	**240**	60
Purchase of other investments	C/F	**(50)**	—
UK pension deficit payments	4	**76**	80
Movements in variation margin and collateral	4	**(81)**	(1,113)
Group total free cash flow	4	**816**	1,377

The below table shows the reconciliation from net movement in working capital to adjusted net movement in working capital:

Six months ended 30 June	Notes	2024 £m	2023 £m
Decrease in inventories	C/F	**272**	560
Decrease in trade and other receivables and contract-related assets relating to business performance	C/F	**1,323**	3,328
Decrease in trade and other payables and contract-related liabilities relating to business performance	C/F	**(1,744)**	(3,806)
Net movement in working capital		**(149)**	82
Less: Movements in collateral included within working capital	19	**(66)**	(716)
Other reconciling items:			
Decrease in provisions related to business performance, excluding payments related to decommissioning provisions [(i)]		**(33)**	(58)
Unrealised losses arising from re-measurement of energy contracts relating to business performance		**267**	344
Operating interest paid	C/F	**(8)**	(8)
Other		**5**	(4)
Adjusted net movement in working capital		**16**	(360)

(i) Decrease in provisions related to business performance excludes payments related to decommissioning provisions of £31 million (2023: £86 million).

Definitions and reconciliation of adjusted performance measures

Gain on disposals

Six months ended 30 June	Notes	2024 £m	2023 £m
Gain on disposals	C/F	(4)	—
Gain on disposals relating to business performance		**(4)**	—

Group net investment

With an increased focus on cash generation, capital discipline and managing net cash/debt, Group net investment provides a measure of the Group's capital expenditure from a cash perspective and allows the Group's capital discipline to be assessed.

Six months ended 30 June	Notes	2024 £m	2023 £m	Change
Capital expenditure (including small acquisitions) (i)		221	190	
Net disposals (ii)		(4)	(55)	
Group net investment		**217**	135	61%
Dividends received from joint ventures and associates	C/F	(240)	(60)	
Interest received	C/F	(167)	(105)	
Purchase of securities	C/F	7	17	
Net cash flow from investing activities	C/F	**(183)**	(13)	1,308%

(i) Capital expenditure is the net cash flow on capital expenditure, purchases of businesses and investments in joint ventures and associates (less than £100 million). See table (a).
(ii) Net disposals is the net cash flow from sales of businesses, property, plant and equipment and intangible assets. See table (b).

Group net investment is capital expenditure including acquisitions less net disposals. It excludes cash flows from investing activities not associated with capital expenditure as detailed in the table above.

(a) Capital expenditure (including small acquisitions)

Six months ended 30 June	Notes	2024 £m	2023 £m	Change
Purchase of property, plant and equipment and intangible assets	C/F	165	176	
Purchase of businesses, net of cash acquired	C/F	6	5	
Investment in joint ventures and associates	C/F	—	9	
Purchase of other investments	C/F	50	—	
Capital expenditure (including small acquisitions)		**221**	190	16%

(b) Net disposals

Six months ended 30 June	Notes	2024 £m	2023 £m	Change
Sale of businesses, including receipt of deferred consideration	C/F	(4)	(55)	
Net disposals		**(4)**	(55)	(93)%

Definitions and reconciliation of adjusted performance measures

The following tables provide additional information to help readers when reconciling between different parts of the consolidated Group Financial Statements, and the Group Cash Flow Statement.

Reconciliation from free cash flow to change in adjusted net cash

Six months ended 30 June	Notes	2024 £m	2023 £m
Group total free cash flow	4	**816**	1,377
Financing interest paid	C/F	**(153)**	(108)
Interest received	C/F	**167**	105
Premium paid on debt repurchase	6	**(68)**	—
UK pension deficit payments	4	**(76)**	(80)
Payments for own shares	C/F	**(8)**	—
Share buyback programme	C/F	**(274)**	(340)
Distributions to non-controlling interests	C/F	**—**	(17)
Movements in variation margin and collateral	4	**81**	1,113
Cash flows affecting adjusted net cash		**485**	2,050
Non-cash movements in adjusted net cash		**(15)**	(188)
Change in adjusted net cash		**470**	1,862
Opening adjusted net cash	12	**2,744**	1,199
Closing adjusted net cash	12	**3,214**	3,061

Reconciliation of adjusted net cash to net cash

Adjusted net cash is a business performance measure used by management to assess the underlying indebtedness of the business.

Six months ended 30 June	Notes	2024 £m	2023 £m
Adjusted net cash	12	**3,214**	3,061
Less: current and non-current securities	12	**(530)**	(543)
Less: sub-lease assets	12	**(2)**	(2)
Unadjusted net cash		**2,682**	2,516

Payments relating to exceptional charges in operating costs

Six months ended 30 June	Notes	2024 £m	2023 £m
Utilisation of prior year restructuring liabilities		**3**	4
Payments relating to exceptional charges in operating costs	C/F	**3**	4

Depreciation, amortisation, write-downs, impairments and write-backs

Six months ended 30 June	Notes	2024 £m	2023 £m
Movement from depreciation, amortisation, impairments and write-backs, from exceptional items included in the Group Cash Flow Statement	6	**(116)**	323
Made up of:			
(Write-back)/impairment of power assets	6	**(116)**	323
Movement from depreciation, amortisation, impairments and write-backs, from business performance included in the Group Cash Flow Statement		**257**	289
Made up of:			
Business Performance PP&E depreciation	4	**212**	216
Business Performance intangibles amortisation	4	**44**	71
Business Performance intangibles impairments	4	**1**	2
Movement from depreciation, amortisation, impairments and write-backs included in the Group Cash Flow Statement		**141**	612

Definitions and reconciliation of adjusted performance measures

Reconciliation of receivables and payables to Group Cash Flow Statement

Six months ended 30 June	Notes	2024 £m	2023 £m
Receivables opening balance	B/S	5,619	8,579
Less: receivables closing balance	B/S	(4,298)	(5,187)
Payables (incl. insurance contract liabilities) opening balance	B/S	(7,372)	(10,341)
Less: payables (incl. insurance contract liabilities) closing balance	B/S	6,079	6,939
Net movement in receivables and payables		28	(10)
Non-cash changes, and other reconciling items:			
Movement in share buyback liability		24	40
Dividend creditor	10	(141)	(113)
Business disposals		—	(55)
Movement in capital creditors		(15)	22
Movement in ROCs and emission certificate intangible assets		(320)	(337)
Other movements (including foreign exchange movements)		3	(25)
Non-cash changes, and other reconciling items		(449)	(468)
Movement in trade and other receivables, trade and other payables and contract related assets/liabilities relating to business performance	C/F	(421)	(478)

Pensions

Six months ended 30 June	Notes	2024 £m	2023 £m
Cash contributions to defined benefit schemes in excess of service cost income statement charge	C/F	(92)	(96)
Ordinary employer contributions		(25)	(28)
UK pension deficit payments		(76)	(80)
Contributions by employer in respect of employee salary sacrifice arrangements		(12)	(12)
Total current service cost		21	24

Disclosures

Disclaimers

This announcement does not constitute an invitation to underwrite, subscribe for, or otherwise acquire or dispose of any Centrica shares or other securities. This announcement contains certain forward-looking statements. Forward-looking statements can be identified by the use of terms such as 'intend', 'aim', 'project', 'anticipate', 'estimate', 'plan', 'believe', 'expect', 'forecasts', 'may', 'could', 'should', 'will', 'continue' and other similar expressions of future performance and results including any of their negatives words. Forward-looking statements appear in a number of places throughout this announcement and include statements, forecasts and projections that reflect the current intentions, beliefs or expectations of the Directors, of the Company and/or the Group concerning, among other things, the financial condition, goals and commitments, prospects, growth, strategies, results, operations and businesses of Centrica.

Although we make such statements based on assumptions that we believe to be reasonable, by their nature, these forward-looking statements are subject to risk and uncertainties because they relate to, and may be impacted by, events and circumstances that will occur in the future which are beyond Centrica's ability to control or estimate precisely. There can be no assurance that Centrica's actual future results, financial condition, performance, operations and businesses will not differ materially from those express or implied in the forward-looking statements due to a variety of factors, including, but not limited to, those set out in this announcement and the 'Our Principal Risks and Uncertainties' section of the Strategic Report in our Annual Report and Accounts. Other factors could also have an adverse effect on our business performance and results. Readers are cautioned that these forward-looking statements are not guarantees or predictions of Centrica's future performance and undue reliance should not be placed on them when making investment decisions.

At any time subsequent to the publication of this announcement, neither Centrica nor any other person assumes responsibility for the accuracy and completeness or undertakes any obligation, to update or revise any of these forward-looking statements to reflect any new information or any changes in events, conditions or circumstances on which any such forward-looking statement is based save in respect of any requirement under applicable law or regulation.

Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

When considering the information contained in, or referred to in this announcement, please note that profit and inventory from Rough operations are reported under Centrica Energy Storage Limited for presentational purposes only. Centrica Energy Storage Limited does not produce, supply or trade gas, except to the extent necessary for the efficient operation of the storage facility. In accordance with the Gas Act 1986, such production, supply and trading of gas is carried out wholly independently of Centrica Energy Storage Limited by other Centrica group companies.

Certain figures shown in this announcement were rounded in accordance with standard business rounding principles and therefore there may be discrepancies.

All adjusted figures are before exceptional items and certain re-measurements. Adjusted operating profit includes share of joint ventures and associates after interest and taxation. A reconciliation of different operating profit measures is provided in the Group Financial Review.

For further information

Centrica will hold its 2024 Interim Results presentation for analysts and institutional investors at 09.30am (UK) on Thursday 25 July 2024. There will be a live audio webcast of the presentation and slides. Please register to view the webcast at:

https://webcasts.centrica.com/results/2024-interim-results

You may also listen via conference call. To register for this call and to receive a unique caller reference number, visit:

https://webcasts.centrica.com/results/2024-interim-results/vip_connect

An archived webcast and full transcript of the presentation and question and answer session will be available on the Centrica website on Monday 29 July 2024.

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Financial calendar

Ex-dividend date for 2024 interim dividend	Thursday 3 October 2024
Record date for 2024 interim dividend	Friday 4 October 2024
Payment of 2024 interim dividend	Thursday 14 November 2024

For more information on Centrica's financial calendar please visit: https://www.centrica.com/investors/financial-calendar/

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