

# Annual Report

## 2023

The Annual Report has been adopted and approved on the Annual General Meeting on June 12th, 2024

**Chairman of the General Meeting**  
Rasmus Søgaard Barslund

Centrica Energy Trading A/S  
CVR no.: 20 29 31 95  
Skelagervej 1, 9000 Aalborg  
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# Letter from the CEO & Senior Management

During 2023 energy markets have continued to stabilise.

Moving out of a tumultuous 2022, where supply constraints in European energy markets pushed prices to historical heights – 2023 saw lower commodity prices and volatility, with mild weather, reduced energy demand, and high gas storage levels stabilising markets.

We're proud to deliver solid financial results in 2023. Standing strong under turbulent market conditions in 2022, our robust and diversified business model and portfolio anchored in physical assets has continued to deliver value in 2023. Our investments in our people and capabilities leave us well-positioned to capture value from key global trends including decarbonisation and globalisation of gas.

Through the year we continued to make significant investments in our people and digitalisation agenda – evolving the precision of our forecasts, trading efficiency, and execution speed. Pushing enormous volumes of data into in-house developed algorithms and technology platforms designed to optimise solar, wind, and grid-scale batteries, we have expanded on the renewable services and solutions we provide to the market, helping move production and flexibility onto a more sustainable path.

## Energising a greener, fairer future

For the past two-decades we've ensured that renewable power flows to where and when it's needed. In 2023, we broke ground in several new markets whilst launching an array of innovative renewable energy products. Delivering multiple Corporate PPAs in Germany, we're sourcing over 193GWh of renewable power every year to major transport and infrastructure providers, supporting their delivery on net zero procurement strategies. We've also delivered PPAs in the rapidly developing Baltic markets, where our presence has grown to count 168MW solar and wind assets on contract.

Across the UK and Belgium, our optimisation teams have secured best-in-class performance on our battery storage portfolio, which now counts over 200MW on contract. Drawing on long-standing experience in Danish biomethane markets, we've evolved our value proposition on renewable GPAs to capture new markets, signing our first long-term renewable Gas Purchase Agreement in the UK.

The strength of Centrica plc is reflected in Centrica Energy and the unique opportunities that the integration of retail, optimisation, and infrastructure portfolios managed across the group unlock, allowing us to de-risk operations whilst enabling value creation for other businesses in the Group.

## We're a Great Place to Work, for all

During 2023 we were not only recertified as a Great Place to Work, but also recognised as one of the Best Workplaces in Denmark for women. We're incredibly proud of these achievements, the culture we have built, and the unwavering engagement and dedication of our people. Europe's green transition requires all-hands-on-deck, and that means we need to champion an inclusive and diverse workplace where everyone has the means to succeed. Fact is that women remain underrepresented in our sector, why it has been important for us to support the Centrica Women's Network in spearheading a number of initiatives seeking to increase both representation and opportunities for women in energy.

We're pleased with our contributions to society, but we've wanted to find new ways to support and take responsibility for the society and communities we operate in. Under our volunteering scheme our energy movers across all locations delivered more than 1,400 volunteering hours in 2023, and we sponsored the Ronald McDonald House Charity with equipment and funding to support their mission of providing a home away from home. We also kicked off our sponsorship with AaB Women, helping level the local playing field for women's sports.

## We are energy movers by nature

In the continued journey of our world-class asset backed energy trading and logistics business, we're focused on our ability to support the buildout and management of renewable generation and storage technologies, whilst enabling efficient and transparent energy markets. Leveraging our scalable platforms and solutions we will continue to expand our asset portfolio and capture new markets and technologies. Our solid financial results, opportunities in the green transition, and the dedication of our energy movers ensures that we're well-positioned for future growth and success.

# Our Business Model

We're a world-class asset-backed energy trading and logistics business, operating out of eight offices across all time zones to move energy from source to use.

Based on extensive experience in liberalised Nordic and UK markets, we have built and matured a successful energy trading business that operates within two principal domains: Renewable Energy Trading & Optimisation (RET&O) and Power & Gas Trading.

Our RET&O business services independent power producers, flexible asset owners, as well as suppliers and large corporate offtakers in wholesale energy markets – providing market access, risk management, and energy optimisation solutions supported by proprietary sophisticated software and automated platforms. Our RET&O business activities include:

- Structuring of Corporate and Renewable PPAs, where we currently manage +16GW of renewable and flexible assets across major European markets.
- Offtake and trading of renewable energy production, leveraging advanced quantitative forecasting models, in-house meteorologists, and our state-of-the-art trading setup to efficiently trade and optimise the variable production from renewable energy sources until moments before delivery.
- Optimisation of flexible energy assets, including batteries, electrolysers, and combined heat-and-power plants through application of models, algorithms, and digital platforms to support grid balancing and efficiency in balancing and reserve markets.
- Offtake, management, and trading of bioenergy and green gasses, alongside sourcing, management and trading of renewable and bioenergy guarantees of origin or certificates.

Our Power & Gas Trading setup centres around asset-backed trading for gas, short-term power trading, and power capacity optimisation. We leverage the complementary nature of our power trading business to enable market access and risk management capabilities that allow us to expand our renewable trading and optimisation business to new markets.

- Our gas trading teams actively trade gas across 20 European markets, specialising in wholesale trading, asset optimisation, and cross-border trading for gas. We trade standard and structured products on the over-the-counter (OTC) markets and exchanges, alongside gas transport and storages in secondary markets, supporting efficient security of gas supply across Europe.
- Our power trading teams operate on all major exchanges and the OTC market, trading in the short-term, day-ahead, and within-day markets, as well as in forward markets, covering daily to yearly contracts with futures, options and structured products.
- Our Algorithmic Research and Development department develops and implements algorithms, models, and technical platforms that enable digitalisation of our trading operations across all commercial pillars of the business.

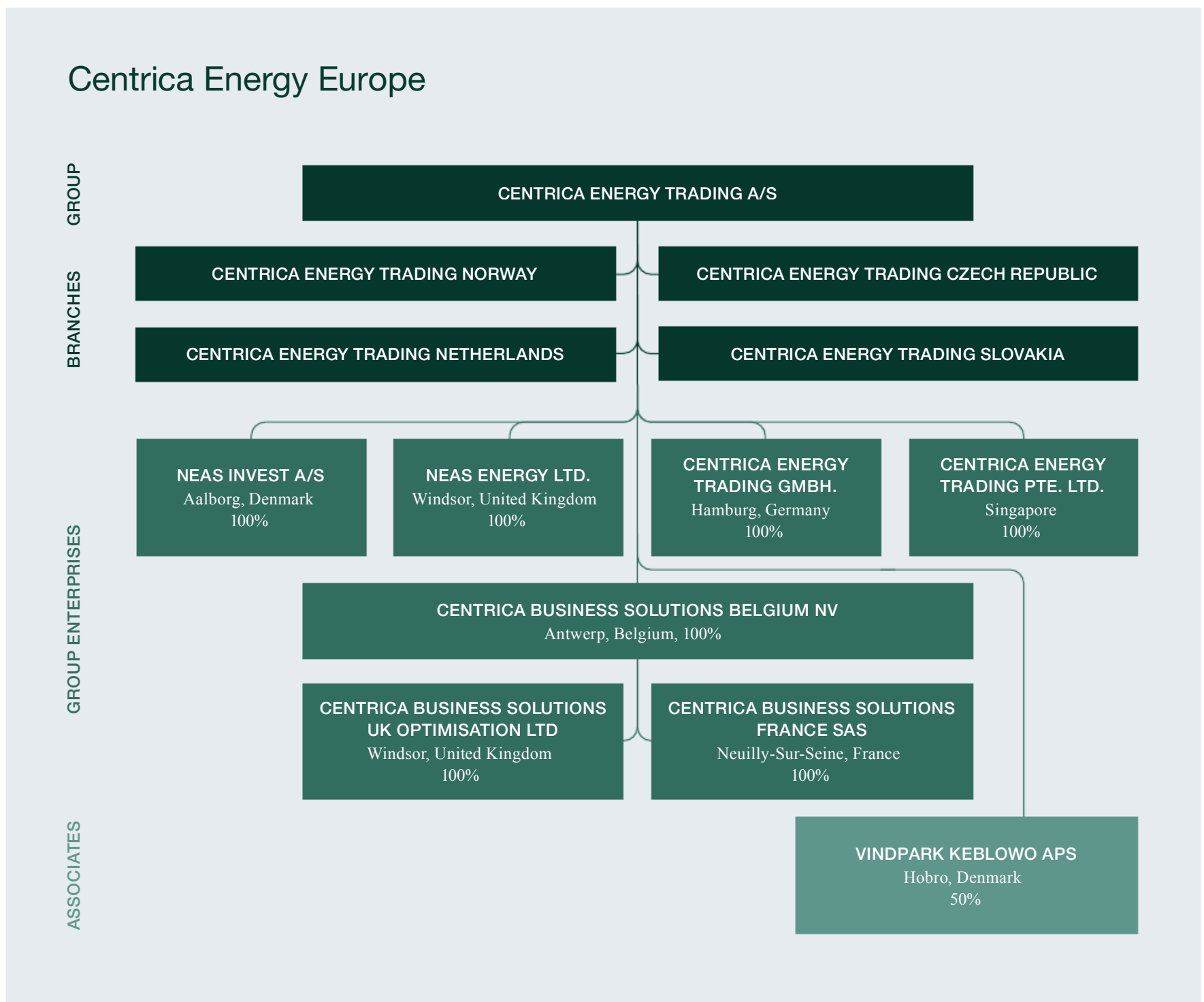
# Centrica Energy Europe

Centrica Energy Europe carries out activities within the larger business unit of Centrica plc: Centrica Energy.

Centrica Energy is the risk management, optimisation, and trading arm of Centrica plc and responsible for managing commodity risk, providing wholesale market access, and sourcing physical energy on behalf of the Centrica Group’s energy supply activities.

During 2023, we finalised the strategic intragroup acquisition of Centrica Business Solutions Belgium NV to strengthen our capabilities in renewable energy trading in short-term power markets with

new aggregation and market optimisation capabilities. Integrating Centrica Business Solutions Belgium NV as a subsidiary to Centrica Energy Trading A/S has allowed us to evolve new and powerful market propositions for a variety of energy storage and generation technologies. Centrica Business Solutions Belgium NV and subsidiaries are included in the consolidated financial statements from when control over the entities was obtained on January 1 2023.



# Five-Year Financial Summary

Amounts in tDKK	2023	2022	2021	2020*	2019*
<b>Financial highlights</b>					
<b>Income statement</b>					
Trading income and revenue	22,478,368	35,702,027	14,236,241	65,008,412	77,826,081
Gross profit	4,260,836	6,767,224	934,913	648,486	506,104
Profit before amortisation and depreciation	3,258,117	5,917,411	552,126	298,727	197,202
Operating profit	3,209,762	5,885,478	522,560	268,520	168,390
Results from net financials	237,002	-53,614	103,654	44,035	88,855
Profit before tax	3,446,764	5,831,864	626,214	312,555	257,245
Profit for the year	2,656,367	4,655,785	490,232	246,859	214,361
<b>Balance sheet</b>					
Assets	14,855,794	24,455,372	17,964,132	4,258,949	4,379,284
Investment in development projects	26,694	28,805	20,765	19,882	34,314
Investment in property, plant and equipment	51,039	1,885	1,480	2,407	25,852
Cash and cash equivalents	1,449,394	3,340,236	990,004	537,488	275,467
Share capital	123,507	123,507	123,507	123,507	123,507
Equity	6,304,641	6,659,421	1,982,100	1,322,518	1,081,164
Current liabilities	7,010,965	15,219,463	15,140,938	2,762,846	3,146,798
<b>Cash flow</b>					
<b>Net cash flow from:</b>					
Operating activities	2,036,714	5,226,556	-1,575,751	279,478	15,035
Investment activities	-27,745	-30,690	-22,245	-25,446	-49,614
Financing activities	-3,888,664	-2,867,170	2,067,129	-855,770	-233,790
Net foreign exchange difference	-11,147	21,536	6,843	-5,509	0
<b>Cash flow for the year</b>	<b>-1,890,842</b>	<b>2,350,232</b>	<b>475,976</b>	<b>-607,247</b>	<b>-268,369</b>

%	2023	2022	2021	2020	2019
<b>Financial ratios</b>					
<b>Profitability</b>					
Return on equity	41.0%	107.8%	29.7%	20.5%	22.0%
Profit margin	14.3%	16.5%	3.7%	0.4%	0.2%
<b>Solvency ratio</b>					
Equity ratio	42.4%	27.2%	11.0%	31.1%	24.7%

\* The above listed comparative figures and ratios have not been adapted to reflect the following:

- The Group has for the year ended 31 December 2022 prepared the financial statements in accordance with IFRS for the first time. Comparative figures and ratios for 2019 to 2020 have not been adapted to reflect changes in accounting principles from Danish GAAP to IFRS. For further description refer to note 4.
- The cost formula for measurement of gas inventories have been changed from weighted average cost to FIFO-principle for the year ended 31 December 2021. Comparative figures and ratios for 2019 to 2020 have not been adapted to reflect this change in accounting principles.
- Centrica Energy A/S has for the year ended 31 December 2020 presented a consolidated financial statement for the first time. Comparative figures and ratios for 2019 only include the parent company, whereas 2020 to 2023 represent consolidated group figures and ratios.

# Financial Review

Standing strong under turbulent market conditions in 2022, our robust and diversified business model has continued to capture opportunities and deliver value through 2023.

## Income statement

### Revenue

Revenue in 2023 was 22,478 mDKK compared to 35,702 mDKK in 2022. The primary driver behind this decrease was lower commodity prices and volatility as markets continued to stabilise through 2023.

### Gross Profit

Gross profit in 2023 was 4,261 mDKK compared to 6,767 mDKK in 2022. Through the year our robust and diversified business model allowed us to capture value as market conditions stabilised. Resultingly, we have exceeded our expectations for gross profit (1,500 mDKK – 2,000 mDKK) and operating profit (800 mDKK – 1,300 mDKK) as previously described in our 2022 Annual Report Outlook for 2023.

### Operating profit

Operating profit in 2023 was 3,210 mDKK compared to 5,885 mDKK in 2022. The main driver of the reduction in operating profit is the reduction in gross profit.

### Staff costs

Average salary costs per employee in 2023 were 1.4 mDKK compared to 1.9 mDKK in 2022. Lower staff costs were driven by lower performance pay-outs linked to financial performance.

## Balance Sheet

### Inventories

Lower gas prices and decreased gas volumes have resulted in a decline in the value of gas storages from 2,453 mDKK at 2022 year-end to 1,133 mDKK at 2023 year-end.

### Other Balance Sheet Items

In general, other balance sheet items have decreased in price from 2022 year-end to 2023 year-end due to lower commodity prices.

## Cash Flow Statement

Total net cash flow for 2023 amounted to a cash outflow of 1,891 mDKK compared to a cash inflow of 2,350 mDKK in 2022. The main drivers behind the decreased net cash flow are lower operating profit, cash outflow for paid corporation tax, cash outflow from dividend payment and cash outflow from net change in group cash pool arrangements.

Total net cash flow for the year of -1,891 mDKK can be summarised as operating profit of 3,210 mDKK adjusted for cash outflow of 1,265 mDKK from corporate income tax, cash inflow of 236 mDKK from net interest, cash outflow of 193 mDKK from change in net working capital, cash outflow of 28 mDKK from investing activities, cash outflow of 3,889 mDKK from financial activities, and cash inflow of 38 mDKK from other adjustments.

## Outlook

Continuing the trend from 2023, prices and volatility in energy markets have continued to stabilise into 2024. Whilst market conditions have stabilised, our robust and diversified business model has continued to capture opportunities and deliver value. We are positioned to deliver solid financial performance in 2024, with financial forecasts indicating a Gross Profit of 1,500 mDKK – 2,000 mDKK and Operating Profit of 500 mDKK – 1,000 mDKK.

# Risk Management

Centrica Energy Europe's business model generates exposure to a variety of financial risks, and managing these risks is integral to our business model.

The primary risks we are exposed to include market risk, liquidity risk, credit risk, and foreign exchange risk. See note 18 for further specifications and analysis of primary risks.

We follow Centrica Energy Risk Mandate, which is designed to identify, manage, and mitigate these risks.

We adopt a conservative approach to managing our liquidity position and balance sheet strength.

Risks are identified and assessed to determine impact and likelihood, with an appropriate risk response subsequently evaluated and implemented. Possible risk responses are:

- Terminate: Cease the activity that creates the risk
- Tolerate: Accept a level of risk
- Treat: Act to reduce the likelihood or impact of risk

## Market risk

Market risk is defined as the risk associated with potential future price moves of commodities and other products traded by Centrica Energy Europe or with volume forecasting uncertainty, to the extent that Centrica Energy Europe's present or future profitability is impacted.

Market risks are managed in line with our Market Risk Directive. The Risk Directive details the different roles and responsibilities for managing risks within the Group. A three lines of defence model is used. The commercial function is responsible for risks associated with their activities, and acts as a first line of defence. The risk function provides independent risk oversight and control, and act as a second line of defence, while the internal audit function acts as a third line of defence, giving independent assurance that risks are being appropriately managed.

The risk directive details the risk appetite, which sets out the overall risk limits. To monitor and manage market risk, Centrica Energy Europe uses risk capital allocation. The allocation of risk capital helps management evaluate development of Centrica Energy Europe's risk profile.

All limits and sub-limits are reviewed regularly, to ensure they continue to align with the Groups risk appetite. Clear escalation routes are outlined for each function responsible for managing risk. Exposures are monitored continuously by the risk function, operating stop-loss and drawdown limits, ensuring immediate reaction if any limits are violated. The risk function performs additional stress and scenario testing, and uses several additional risk measures, such as Value-at-Risk as an integral part of the risk management.

## Liquidity risk

Liquidity risk is the risk that we are unable to meet our financial obligations as they fall due.

The liquidity risk for Centrica Energy Europe is limited. The Group has historically generated positive operating cash flows, and holds significant committed facilities as well as cash on deposit to ensure sufficient liquidity headroom at all points in the seasonal trading cycle of the business. Centrica Energy Europe is furthermore owned by Centrica Plc, ensuring access to additional funding to meet short-term liquidity needs during high price scenarios.

Centrica Energy has a dedicated treasury risk management team, monitoring the overall liquidity on a daily basis. The Treasury team are also responsible for forecasting of expected future cash flows. Stress testing is performed daily, estimating possible liquidity scenarios, to help manage liquidity reserves, and ensure sufficient reserves are available at all times.

### Credit risk

Credit risk is the risk of loss associated with a counterparty's inability or failure to discharge its obligations under a contract. Centrica Energy Europe is exposed to credit risks in the market through both Power Purchase Agreements and trading activities.

Credit risk is governed by Centrica Group Credit Risk Policy. The overarching Centrica Group policy covers key risk measurement indicators, the credit scoring of counterparties through external ratings, scoring tools and frequency, the DoA structure based on limits and ratings and derived monitoring of excesses and credit mitigation instruments.

The creditworthiness of a potential counterparty is assessed before the Group enters into any contracts through the use of external credit ratings and scoring tools. If deemed necessary security is requested from the counterparty.

The risk function monitors the risk measurement indicators on a current and forward basis where applicable and produces reports on a daily, weekly, and monthly basis. The risk function can enforce limits by imposing restrictions on certain counter-

parties. Similar to market risk, there are prescriptive standards for reporting limit breaches to stakeholders ranging from senior business unit managers to Group level senior leaders depending on the type and magnitude of the breach. Credit risk policies and standards are reviewed annually.

### Foreign Exchange Risk

Foreign exchange risk is the risk of loss on the fair value or future cash flows of exposures, which fluctuates due to changes in foreign exchange rates.

Centrica Energy Europe exposure to foreign exchange risks occurs primarily from trading activities which are denominated in other currencies than the functional currency of the Group. See note 18 for a sensitivity analysis of the effect of reasonable changes in foreign exchange rates.

The treasury risk management team monitors exposures daily, ensuring exposure does not exceed the limits set out in the Hedging Policy. Foreign exchange risk is not a part of Centrica Energy Europe's core business, and therefore our foreign exchange exposure is limited, and risk is insignificant.

# Reporting under Section 99 of the Danish Financial Statement Act

## Sustainability

### Sustainable Development Goals

The United Nations 17 Sustainable Development Goals continue to guide our purpose of delivering on greener, fairer futures. We're determined to make our contribution by enabling a more sustainable future, where energy is no longer a leading contributor to climate change. We're focused on positively impacting availability of affordable and clean energy (SDG 7) through delivering solutions that introduce new green energy to the grid and contribute to fighting climate change (SDG 13).

### Responsible Business measures

As a part of the Centrica Group, Centrica Energy Europe's reporting on corporate policies and annual review of progress are covered by Centrica plc. All disclosure points required under section 99(a) of the Danish Financial Statements Act are covered in Centrica plc's annual report (pages 38-55 and 83). Centrica reviews a number of corporate functions and Corporate Citizenship in the group's Annual Report and a number of reports/updates on Responsible Business measures. Information and data on Centrica's performance within Corporate Responsibility can be found in the Centrica Annual Report.

### Statutory report on gender diversity

As of 31 December 2023, the Board of Directors is regarded as having equal gender representation with one female among the four shareholder-elected board members<sup>1</sup>. Thus, no target has been set for the underrepresented gender at Board level. We have an ambition to have a workforce with at least 47% female employees by 2030. In 2023 female employees made up 23.2% of the workforce, which is an increase from 22.7% in 2022. Across all manager levels, female managers accounted for 19.5% compared to 17% in 2022. This development is a step in the right direction, and we need to continue to work towards our ambitions on gender

diversity across all levels. To achieve our targets, we are working on specific initiatives to make opportunities more equal and actively building a more inclusive culture that promotes and values gender diversity and equality.

	2023
Board of Directors (members)*	4
% underrepresented gender (F)	25%
Upper management (members)**	12
% underrepresented gender (F)	17%
Target	40% by 2030

\* Shareholder-elected Board members of Centrica Energy Trading A/S

\*\* Chief Executive Officer and leadership team employed by Centrica Energy Trading A/S as well as their direct reports, also employed by Centrica Energy Trading A/S, with leadership responsibilities. This means that some senior leaders will not be included due to their manager being employed outside Centrica Energy Europe.

Our initiatives to bring about this change include changed recruitment processes both internally and externally, expanding our reverse mentoring scheme, providing unconscious bias training for all, raising awareness of issues and policies to keep them top-of-mind with our leaders, and celebrating and promoting our amazing female role models and leaders.

We are very proud of our Top 3 nomination to Best Workplaces in Denmark<sup>®</sup> for Women, an extension to the Great Place to Work<sup>®</sup> Certification, where nominees are selected based on a companywide survey for all employees, with a specific assessment of the female respondent data, and a comprehensive culture audit profile describing all initiatives, policies, practices and efforts in place to promote and achieve greater gender equality.

Further supporting our efforts is our voluntary staff-initiated network 'Centrica Women's Network'

<sup>1</sup> According to the Danish Companies Act, the gender equality is present even if the gender distribution is below 40 pct. as long as it gets as close to 40 pct. as it can without exceeding 40 pct.

that supports women to be their best and achieve their goals regardless of level or career destination. Centrica Women's Network is run by women but welcoming participation from all voices.

Centrica Women's Network is a network and forum that supports new initiatives and connections that can often be invaluable for women to succeed in the energy industry. This includes the offer of development opportunities to give women the skills and confidence to progress in their careers, through internal events and networking.

Furthermore, Centrica Women's Network actively works to improve the policies and practices covering female employees, where they are actively engaging with the Senior Leadership Team and People Department to push change and implement improved conditions, which are better than industry standards.

Importantly, the network also provides role models through the promotion of our female senior leaders to develop and inspire our people to achieve their career ambitions and broaden the talent pipeline. In addition to this, there is also a Centrica Women's Network Mentorship programme that facilitates that connection between mentors and mentees across the organisation.

All the work, efforts, and activities being initiated by the Centrica Women's Network are sponsored by the Chapters' sponsors, Managing Director Cassim Mangerah, Vice President of Trading Mandeep Bamal, and Chief Marketing & Strategy Officer Nanna Damgaard Glad, who are actively helping push initiatives through.

#### Data Ethics & GDPR

Centrica Energy Europe abides by all local and European regulations contained in the General Data Protection Regulation (GDPR) and the data and compliance rules for energy companies in Denmark defined by the Danish Energy Agency. In terms of data management, we consider management of data under the General Data Protection Regulation as the primary risk, and whilst we actively work with data ethics through GDPR efforts, we have not deemed it necessary to develop a specific policy on the matter.

We process significant amounts of asset data on behalf of our customers and within our own organisation, which we protect and process according to the highest ethical standards. Information security and data have always been fundamental to our business, and it's critical that our customers and employees always feel safe when entrusting us with their data. Data we process is classified as either market data or personal data.

Market data is defined as data made available to employees according to the requirements of their specific role, typically obtained through purchasing or mining data. Our business model relies on high-quality data to inform decisions, where greater data accuracy increases prediction accuracy and therefore impacts trading situations. We obtain market data in line with the regulations of the markets in which we operate, and our employees are prohibited from transmitting any data with the intent to deceive or manipulate the market.

Our Operational Duty control room is physically walled off from our trading setup, to protect our traders from liabilities that can be incurred if they acquire market data prior to the release of an urgent market message from Operational Duty.

Personal data is only collected, when necessary, in relation to e.g. employment, job applications, work with media relations, conferences, and marketing and business partners. Trained in data protection regulations, our staff are informed on data management with a clear process for handling security incidents. Personal data requests are assisted and coordinated by our HR and Legal departments to ensure compliance with current legislation.

Working as a business-to-business company employee data accounts for the vast majority of personal data obtained by the company. In keeping with our high standards for data ethics, we continue to monitor and adjust GDPR and data compliance resources to always be compliant with relevant directives.



# Statements



# Management statement

The Board of Directors and the Executive Board have today considered and approved the annual report of Centrica Energy Trading A/S for the financial year 01.01.2023 – 31.12.2023.

The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 as well as of the results of their operations and the Group's and the Parent's cash flows for the financial year 01.01.2023 – 31.12.2023.

In our opinion, the management commentary contains a fair review of the development of the Group's and the Parent's business and financial matters, the results for the year and of the Parent's financial position and the financial position as a whole of the entities included in the consolidated financial statements, together with a description of the most significant principal risks and elements of uncertainties facing the Group and the Parent.

We recommend the annual report for adoption at the Annual General Meeting.

Aalborg, 04.06.2024

## Executive Board

Cassim Mangerah  
CEO

## Board of Directors

Ailsa Zoya Longmuir  
Chair of the Board

Kristian Gjerløv-Juel  
Member of the Board

Mandeep Bamal  
Member of the Board

John Park  
Member of the Board

Peter Holm  
Member of the Board  
(Employee elected)

Susanne Majbritt Lindbjerg Dalsgaard Christensen  
Member of the Board  
(Employee elected)

# Independent auditor's report

## To the shareholders of Centrica Energy Trading A/S

### Opinion

We have audited the consolidated financial statements and the parent financial statements of Centrica Energy Trading A/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023, and of the results of their operations and cash flows for the financial year 01.01.2023 - 31.12.2023 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the relevant law and regulations. We did not identify any material misstatement of the management commentary.

#### Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aalborg, 04.06.2024

Deloitte

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

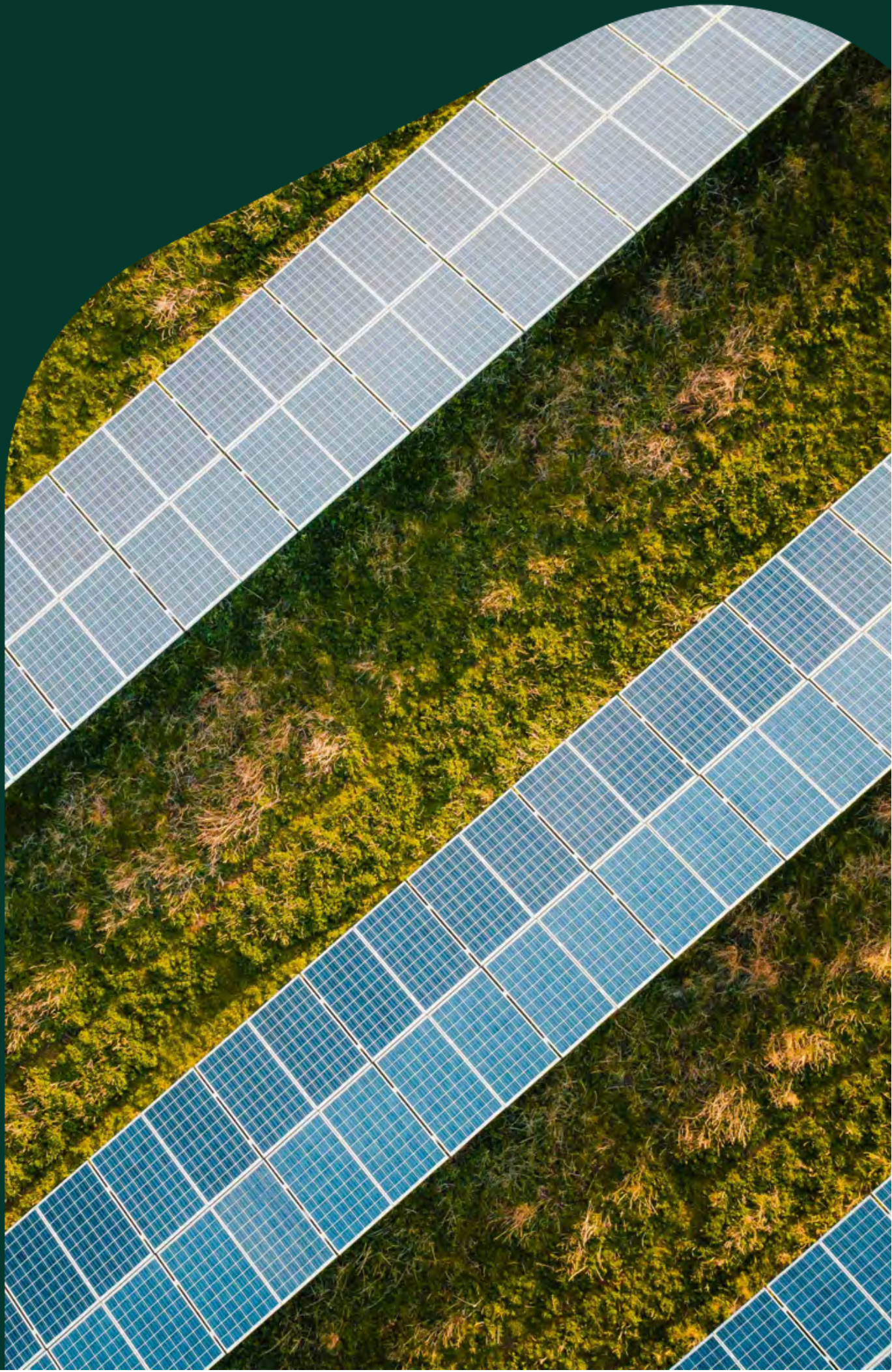
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# Financial statements

Centrica Energy  
Europe



# Income statement

01.01.2023 - 31.12.2023

Amounts in tDKK	Note	2023	2022
Trading income and revenue	5	22,478,368	35,702,027
Cost of sales		-18,217,532	-28,934,803
<b>Gross profit</b>		<b>4,260,836</b>	<b>6,767,224</b>
Other operating income		52,388	21,613
Other external expenses		-390,678	-179,456
Staff costs	6	-664,429	-691,970
<b>Profit before amortisation and depreciation</b>		<b>3,258,117</b>	<b>5,917,411</b>
Depreciation, amortisation and impairment losses		-48,355	-31,933
<b>Operating profit</b>		<b>3,209,762</b>	<b>5,885,478</b>
Income from investments in associates using the equity method		816	1,028
Financial income	7	339,877	24,007
Financial expenses	8	-103,691	-78,649
<b>Profit before tax</b>		<b>3,446,764</b>	<b>5,831,864</b>
Tax on profit	9	-790,397	-1,176,079
<b>Profit for the year</b>		<b>2,656,367</b>	<b>4,655,785</b>

# Statement of comprehensive income

01.01.2023 - 31.12.2023

Amounts in tDKK	Note	2023	2022
<b>Profit for the year</b>		<b>2,656,367</b>	<b>4,655,785</b>
Other comprehensive income			
Items that will be or have been reclassified to the Income Statement:			
Exchange differences on translation of foreign operations		-11,147	21,536
<b>Other comprehensive income, net of taxation</b>		<b>-11,147</b>	<b>21,536</b>
<b>Total comprehensive income for the year</b>		<b>2,645,220</b>	<b>4,677,321</b>

# Balance sheet

31.12.2023

## Assets

Amounts in tDKK	Note	2023	2022
Development projects		75,518	61,795
Contractual rights		172	0
Development projects in progress		34,696	21,303
<b>Intangible assets</b>	<b>10</b>	<b>110,386</b>	<b>83,098</b>
Land and buildings		108,430	111,671
Leasehold improvements		719	0
Plant and equipment		54,404	6,735
Plant and equipment in progress		4	0
<b>Tangible assets</b>	<b>11</b>	<b>163,557</b>	<b>118,406</b>
Investments in associates		8,538	7,704
<b>Investments accounted for using the equity method</b>		<b>8,538</b>	<b>7,704</b>
<b>Non-current assets</b>		<b>282,481</b>	<b>209,208</b>
Inventories	12	1,329,594	2,552,725
Trade receivables		2,815,164	4,418,027
Other receivables		118,298	42,309
Deposits related to trading		1,047,401	2,090,388
Receivables from group enterprises		4,342,007	3,706,447
Receivables from associates		3,882	5,425
Prepayments		84,709	151,025
Derivative financial instruments	17,18	3,382,864	7,939,582
Cash and cash equivalents		1,449,394	3,340,236
<b>Current assets</b>		<b>14,573,313</b>	<b>24,246,164</b>
<b>Assets</b>		<b>14,855,794</b>	<b>24,455,372</b>

# Balance sheet

31.12.2023

## Equity and liabilities

Amounts in tDKK	Note	2023	2022
Share capital		123,507	123,507
Foreign currency translation reserve		11,733	22,880
Retained earnings		6,169,401	6,513,034
<b>Equity</b>		<b>6,304,641</b>	<b>6,659,421</b>
Provision for deferred tax	9	7,440	9,041
Derivative financial instruments	17,18	1,353,183	2,547,253
Debt to group enterprises		159,493	0
Other payables	13	20,072	20,194
<b>Non-current liabilities</b>		<b>1,540,188</b>	<b>2,576,488</b>
Trade payables	17	3,322,381	5,226,007
Other payables		392,602	453,302
Deposits related to trading		341,790	3,162,595
Debt to group enterprises		280,027	10,475
Onerous contract provisions	14	192,050	0
Other provisions	15	3,078	22,504
Derivative financial instruments	17,18	1,737,370	5,148,334
Income tax payable		722,031	1,185,071
Deferred income		19,636	11,175
<b>Current liabilities</b>		<b>7,010,965</b>	<b>15,219,463</b>
<b>Liabilities</b>		<b>8,551,153</b>	<b>17,795,951</b>
<b>Equity and liabilities</b>		<b>14,855,794</b>	<b>24,455,372</b>

# Statement of changes in equity

Amounts in tDKK	Share capital	Reserve for currency translation	Extraordinary dividend payment	Retained earnings	Total
<b>2023</b>					
Balance as of 01.01.2023	123,507	22,880	0	6,513,034	6,659,421
Dividend payment in the year	0	0	-3,000,000	0	-3,000,000
Profit/loss for the year	0	0	3,000,000	-343,633	2,656,367
Other comprehensive income for the year	0	-11,147	0	0	-11,147
Total comprehensive income for the year	0	-11,147	3,000,000	-343,633	2,645,220
<b>Balance as of 31.12.2023</b>	<b>123,507</b>	<b>11,733</b>	<b>0</b>	<b>6,169,401</b>	<b>6,304,641</b>

Amounts in tDKK	Share capital	Reserve for currency translation	Retained earnings	Total	
<b>2022</b>					
Balance as of 01.01.2022		123,507	1,344	1,857,249	1,982,100
Profit/loss for the year		0	0	4,655,785	4,655,785
Other comprehensive income for the year		0	21,536	0	21,536
Total comprehensive income for the year		0	21,536	4,655,785	4,677,321
<b>Balance as of 31.12.2022</b>		<b>123,507</b>	<b>22,880</b>	<b>6,513,034</b>	<b>6,659,421</b>

The share capital consists of 123,507,152 shares of a nominal face value of DKK 1 each (fully paid in at an average price at 1.26).

No shares carry special rights.

# Cash flow statement

01.01.2023 - 31.12.2023

Amounts in tDKK	Note	2023	2022
<b>Operating profit</b>		<b>3,209,762</b>	<b>5,885,478</b>
Depreciation, amortisation and impairment losses		48,355	31,937
<b>Operating profit adjusted for non-liquid items</b>		<b>3,258,117</b>	<b>5,917,415</b>
Financial income received		339,877	24,007
Financial expenses paid		-103,691	-78,649
Corporation tax paid		-1,264,777	-141,497
<b>Changes in net working capital:</b>			
Inventories		1,223,131	-873,977
Collateral		-1,777,818	2,813,446
Derivative financial instruments		1,145,754	-742,928
Receivables		1,910,318	523,724
Payables		-2,694,197	-2,214,985
<b>Net cash flow from operating activities</b>		<b>2,036,714</b>	<b>5,226,556</b>
<b>Investment in non-current assets:</b>			
Purchase and development of intangible assets		-26,694	-28,805
Purchase of property, plant and equipment		-51,039	-1,885
Purchase of businesses, net of cash acquired*		49,988	0
<b>Net cash flow from investing activities</b>		<b>-27,745</b>	<b>-30,690</b>
Dividends paid		-3,000,000	0
Net change in group cashpool arrangements		-888,664	-2,867,170
<b>Net cash flow from financial activities</b>		<b>-3,888,664</b>	<b>-2,867,170</b>
Net foreign exchange difference		-11,147	21,536
<b>Total net cash flow for the year</b>		<b>-1,890,842</b>	<b>2,350,232</b>
Cash at the beginning of the year		3,340,236	990,004
<b>Cash at the end of the year</b>		<b>1,449,394</b>	<b>3,340,236</b>
<b>Cash at end of year specified as follows:</b>			
Cash		1,449,394	3,340,236
<b>Total</b>		<b>1,449,394</b>	<b>3,340,236</b>

\* Purchase price for acquisition of the business was 32,783 mDKK paid in cash. Taken over in the purchase affecting the cash flow statement are 82,771 mDKK cash and cash equivalents, receivables of 62,481 mDKK, payables of 146,631 mDKK and tax receivables of 9,739 mDKK.

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# Notes

## 1 General information

Centrica Energy Trading A/S (the 'Company') is a subsidiary of the public company Centrica plc, domiciled and incorporated in the UK, and registered in England and Wales. The address of the registered office is Skelagervej 1, 9000 Aalborg, Denmark.

The financial statements for the period 1 January – 31 December 2023, presented in the Annual Report 2023 comprise both consolidated financial statements of Centrica Energy Trading A/S and its subsidiaries (the Group) and separate Parent Company financial statements.

The functional currency of the Company and the Group is Euro. The presentational currency is Danish kroner (DKK) in line with previous years. All values are rounded to the nearest thousand (tDKK). Operations and transactions conducted in currencies other than Danish Kroner are included in the consolidated Financial Statements in accordance with the foreign currencies accounting policy set out in note 4.

IFRS is used synonymously with IFRS<sup>(R)</sup> Accounting Standards.

## 2 Basis of preparation and summary of significant new accounting policies and reporting changes

This section details the basis of preparation and new accounting standards and how these are expected to impact the financial position and performance of the Group.

The principal accounting policies applied in the preparation of these consolidated Financial Statements are set out below and in note 4. Unless otherwise stated, these policies have been consistently applied to the years presented.

### (a) Basis of preparation

The consolidated Financial Statements has been prepared in accordance with IFRS as adopted by the EU and further requirements in the Danish Financial Statements Acts applying to large enterprises of reporting class C.

The consolidated financial statements have been prepared on a going concern basis and under the historical cost basis except for gas inventory and derivative financial instruments required to be measured at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity and areas where assumptions and estimates are significant to the consolidated Financial Statements are described in note 3.

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

At the date of authorisation of these consolidated financial statements, the Group has not yet applied the following new and revised standards and amendments that have been issued but not yet effective:

Amendments to IAS 1 'Presentation of Financial Statements', regarding classification of liabilities as current or non-current and non-current liabilities with covenants, effective from 1 January 2024.

# Notes

## 2 Basis of preparation and summary of significant new accounting policies and reporting changes (continued)

Issuance of IFRS 18 'Presentation and disclosure in Financial Statements', effective from 1 January 2027. The Group is currently assessing the impact this new standard will have on current financial statements.

Only new and revised standards that are assessed as potentially relevant for Centrica Energy Europe are listed. Management does not expect the listed issued but not effective amendments or standards, or standards not discussed above to have a material impact on the consolidated financial statements.

## 3 Critical accounting judgements and key sources of estimation uncertainty

This section sets out the key areas of judgement and estimation that have the most significant effect on the amounts recognised in the consolidated financial statements.

### (a) Critical accounting judgements

Management has made the following key judgements that have the most significant effect on the consolidated financial statement.

#### Presentation of revenue from contracts with customers

Significant judgements are involved when determining whether contracts with customers for offtake of produced energy and associated benefits, as part of the RETO business, should be accounted for gross or net. In making this judgement the Group considers whether it acts as a principal or agent in the arrangement. This is based on whether control is obtained on energy produced prior to onwards sales to counterparties. When the Group obtains control of energy produced, and is the balancing responsible party, and receives all benefits from the sale of energy, the Group acts as a principal and revenue is presented gross.

#### Trading commodity contracts with physical delivery

A significant part of the sales and purchase contracts included in the trading portfolio are ordinary sales and purchase contracts with physical settlement of energy commodities, primarily power and gas. As these contracts are managed on a portfolio basis and a practice of net settlement is present, the contracts are considered to meet the conditions in IFRS 9 for fair value option and accounted for in accordance with IFRS 9.

#### Physical Gas Storage

Physical Gas Storage contracts are bought at auction and the commercial intention is to hold it for the duration of the contract. A continued lack of uptake in the sale of storage rights is indicative that there continues to be a lack of willing buyers and sellers in the physical storage market across Europe and therefore it remains inactive. Furthermore there is no practice of net settling. Therefore Physical Gas Storage is out of scope of IFRS 9, and instead accounted for as executory contracts under IFRS 15.

#### Gas cross border capacities

The contracts contain no net settlement terms and there is no past practice of net settling similar contracts. Gas cross-border capacity contracts therefore do not fall within the scope of IFRS 9 and are instead accounted for as executory contracts under IFRS 15.

#### Power capacity

Power cross-border capacity contracts are net settled and the market for power cross-border capacities is considered to be liquid. Power cross-border capacities is therefore in the scope of IFRS 9 and measured at fair value.

### (b) Key sources of estimation uncertainty

This section below detail the assumptions management makes about the future and other major sources of estimation uncertainty when measuring its assets and liabilities at the reporting date. The information given

# Notes

## 3 Critical accounting judgements and key sources of estimation uncertainty (continued)

relates to the sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to those assets and liabilities in the next financial year.

Estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, including current and expected economic conditions, and, in some cases, actuarial techniques. Although these estimates and associated assumptions are based on management's best knowledge of current events and circumstances, actual results may differ.

### Determination of fair values – derivative financial instruments

Fair values of energy derivatives are estimated by reference in part to published price quotations in active markets and in part by using valuation techniques. More detail on the assumptions used in determining fair valuations of energy derivatives is provided in note 19 and on the sensitivities to these assumptions in note 18. The net fair value of Level 3 derivative financial instruments held on the balance sheet as of 31 December 2023 was (811) mDKK.

### Gas trading inventories at fair value

Fair value measurement of the gas trading inventories requires management to make estimates and use assumptions, as observable market prices for gas kept in storages are not available, whereas closely-related proxy prices for gas kept at the gas hubs are. The proxy prices are used to value the storages. The fair value of gas trading inventories held at fair value held on the balance sheet as of 31 December 2023 was 1,133 mDKK.

### Onerous contract provisions

Centrica Energy Europe holds onerous contract provisions relating to expected losses from green certificates forward sold to prices below the forward prices at 2023 year-end. The value provided for is an estimate based on the knowledge currently available, and current forward prices. The onerous contract provisions as of 31 December 2023 was 192 mDKK.

## 4 Summary of significant accounting policies

This section sets out the Group's significant accounting policies in addition to the critical accounting policies applied in the preparation of these consolidated financial statements. Unless otherwise stated, these accounting policies have been consistently applied to the years presented.

### Basis of consolidation

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling, influence are regarded as associates.

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

# Notes

## 4 Summary of significant accounting policies (continued)

### Business combinations under common control

During the year Centrica Business Solutions Belgium NV was purchased from another company in the larger Centrica Group. Control was obtained as of January 1 2023, and the acquired entities are part of the consolidated figures from this date. The purchase price was paid in cash. See the cash flow statement for the Group for an overview of acquired assets and liabilities.

When buying companies, mergers, demergers, additions of assets and share exchange etc., where the participating companies are under the control of the parent company, the Book Value method is used where the business combination under common control is deemed completed at the time of acquisition without adjustments of comparative figures.

According to the Book Value method, the acquired company's assets and liabilities are recognised at the booked values in the entities, corrected for any differences in applied accounting policies and accounting estimates. The difference between the agreed remuneration and the accounting value of the acquired company is recognised on equity.

### Translation of foreign currency

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between rates at the transaction date and the rates at the dates of payment are recognised in financial income or financial expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income or financial expenses in the income statement.

### Basis of Recognition and Measurement

Income is recognised in the income statement as earned, including value adjustments of gas inventory, financial assets and liabilities.

All expenses including depreciation, amortisation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when future financial benefits are likely to accrue to the company and the value of such assets can be reliably measured. Liabilities are recognised in the balance sheet when they are probable and can be measured reliably. Upon initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each item.

Predictable losses and risks arising before the date of presentation of the financial statements and the facts that confirm or rebut circumstances and conditions existing at the reporting date are taken into consideration upon recognition and measurement.

### Trading income and revenue

#### (a) Trading income, net

Power and gas trading income comprises realized and unrealized net gains and losses arising from trading within energy commodity derivatives. Aside from financial contracts, physical trading power and gas contracts and power cross border capacities are included as trading income. The energy commodity derivatives make up Centrica Energy Europe's trading portfolio which includes futures, options and certain forward sales and forward purchases commodity contracts that are either financially or physically settled. A significant part of the sales and purchases contracts included in the trading portfolio are ordinary sales and purchase contracts with physical settlement of energy commodities, primarily power and gas.

As these contracts are managed on a portfolio basis, and a practice of net settlement is present, the contracts are considered in scope of IFRS 9 and treated as derivatives.

# Notes

## 4 Summary of significant accounting policies (continued)

Profits/losses from financial trading activities are recognised as ascertained and open positions are adjusted to the fair value on the reporting date and the adjustment effect is thus recognized in the income statement as revenue. Additional reserves are applied as part of the fair value to adjust for the risk of over estimation effectively resulting in a lower valuation price for both bids and offers respectively.

Net changes in the fair value of energy commodity derivatives held for trading presented as financial assets or financial liabilities, respectively, as well as net fair value changes in gas storage inventories held for trading are included in “trading income, net” as it represents an important part of the trading activity. Net change in fair value of inventory relates to the change from purchase of gas compared to the fair value.

Foreign currency adjustments arising as part of the adjustment to fair value is recognised in the income statement as revenue.

### (b) Revenue from contracts with customers

Revenue from contracts with customers is measured at the transaction price, which is the contractually agreed price excl. VAT and taxes charged on behalf of third parties.

Revenue from the sale of power and energy-related services comprises the sale of power sourced from energy producers and related services in terms of e.g. production management and balancing. Revenue is recognised when control of the power is transferred to the buyer simultaneously with fulfilment of the related services, ie. when the power is delivered. Agreements for the sale of power and energy-related services are considered a series of identical goods and services that are transferred over time and revenue is recognised at the amount to which the Group is entitled.

Centrica Energy Europe determines whether it is acting as principal or agent in these arrangements, based on whether it holds the main risks related to, and controls the power and services delivered before selling it in the market. The Group has concluded that we in all material aspects are acting as principal in these arrangements.

The sale of power is settled daily.

Revenue from sale of certificates comprises the sale of certificates sourced from producers. Revenue is recognized when control of the climate certificate is transferred to the buyer, i.e. when the certificate is delivered to the buyer. Agreements for the sale of certificates are fulfilled at a point in time.

### Cost of sales

Cost of sales includes the purchase of power and certificates for resale and transportation thereof incurred to achieve revenue for the year.

### Staff costs

Wages, salaries, pension contributions, social security contributions, special payroll tax, sick leave and bonuses are recognised in the year in which the associated services are rendered by employees of the Group.

### Depreciation and Amortisation

Amortisation of intangible assets and depreciation of property, plant and equipment aim to ensure linear amortisation and depreciation over the expected useful life of the asset in question.

The following useful lives and residual values apply:

	Useful life	Residual value
Land and Buildings	50 years	2%
Leasehold improvements	10 years	0%
Contractual rights	5 years	0%
Development projects	3-5 years	0%
Plant and equipment	5 years	0%

# Notes

## 4 Summary of significant accounting policies (continued)

### Intangible Assets

Intangible assets are measured in the balance sheet at the lower of cost less accumulated amortisation and the recoverable amount. The recoverable amount is the higher of the asset's fair value less costs of disposal and its value in use. Directly and indirectly incurred costs are included in cost.

IT development projects are recognised at cost, including costs of, for example, wages directly or indirectly attributable to the development projects. Development projects are recognised in the balance sheet only when the following criteria are met:

- It is technically feasible to complete the development projects and make it available for use
- Management intends to complete the development projects and use or sell it
- It is possible to use or sell the finished development projects
- It can be documented that economic benefits can be derived from the finished development project
- The necessary resources are available to finish the development project
- The expenditure attributable to the development of the development project can be reliably measured

Costs related to maintenance or projects that do not meet the criteria for recognition in the balance sheet, are expensed in the income statement when they are incurred.

Capitalised development costs are amortised from the time when the developed asset is ready for its intended use, linearly over the period where they are expected to generate economic benefits.

### Property, plant and equipment

Property, plant and equipment is measured in the balance sheet at lower of cost less the accumulated depreciation and the recoverable amount. The recoverable amount is the value of the asset in continued use or from sale.

The recoverable amount of the asset is calculated as the higher of the net selling price and value in use. The value in use is calculated as the present value of the expected net cash flows from application of the asset or asset group and expected net cash flows from sale of the asset or asset group after the end of useful life.

Cost includes the acquisition price and costs directly related with the acquisition up until the time the asset is ready for use.

For own-manufactured assets, the cost price includes direct and indirect costs for labor consumption, materials, components and subcontractors.

### Inventories

#### (a) Gas inventories

Gas inventories are acquired with the purpose of selling in the near future and generating a profit from short term price fluctuations. As such, the Group meets the broker-trader criteria in IAS 2. As a result gas inventories are measured at fair value less cost to sell. As observable market prices for gas kept in storages are not available, whereas closely related proxy prices for gas kept at the gas hubs are, the proxy prices are used to value the storages. Changes in fair value less costs to sell are recognised in the income statement within "trading income and revenue".

#### (b) Certificates

In general certificates are measured at the lower of cost according to weighted-average cost and net realisable value.

El certificates and EUAs are measured at the lower of cost according to the FIFO principle and net realisable value.

The net realisable value of certificate is calculated at the amount expected to be generated by sales during normal operations less selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales.

# Notes

## 4 Summary of significant accounting policies (continued)

### Derivative financial instruments

Centrica Energy Europe uses a range of derivative financial instruments for both trading and hedging of exposures to energy price risks etc., arising in the normal course of business. Derivative financial instruments are classified as held for trading for accounting purposes, and the Group does not apply any type of hedge accounting in the financial statements.

All derivative financial instruments are initially recognised at fair value and are subsequently re-measured to fair value at each reporting date.

The Group measures derivative financial instruments at fair value, which 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.

When measuring the fair value of an asset or liability, it is done with the assumption that the transaction to sell the asset or transfer the liability takes place in either the principal market for the asset or liability, or if that is not available, the most advantageous market for the asset or liability.

Contracts on non-financial items that can be settled net in cash or another financial instrument, or by exchanging financial instruments as if the contracts were financial instruments are measured at fair value. The fair value measurement of non-financial assets takes into account a market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Centrica Energy Europe uses valuation techniques which are appropriate for the respective contracts, accounting for the risks tied to the contracts and to the inputs and methods used for the valuation. Valuation techniques used maximise the use of relevant observable inputs, while minimising the use of unobservable inputs.

Financial assets and financial liabilities measured and held at fair value are classified into one of the 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.

Assets and liabilities that are recognised in the financial statements at fair value, are placed within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement as a whole. Categorisations between levels are reassessed at the end of each reporting period. Transfers between levels are deemed to have occurred at the start of the reporting period.

For the purpose of the fair value disclosures, the Group has determined classes of financial instruments that are appropriate to the nature of the information disclosed, taking into account the characteristics of those financial instruments.

Derivative financial instrument assets and liabilities are offset and presented on a net basis only when there is a currently enforceable legal right of set-off, and the intention to net settle the contracts is present.

The Group enters certain energy derivative financial instrument contracts covering periods for which observable market data does not exist. The fair value of such derivative financial instruments is estimated by reference in part to published price quotations from active markets, to the extent that such observable market data exists, and in part by using valuation techniques, the inputs to which include data that is not based on or derived from observable markets. Where the fair value at initial recognition for such contracts differs from the

# Notes

## 4 Summary of significant accounting policies (continued)

transaction price, a fair value gain or fair value loss will arise. This is referred to as a day-one gain or day-one loss. Such gains and losses are deferred (not recognised) 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. When observable market data becomes available, any remaining deferred day-one gains or losses are recognised within the Group income statement.

### Calculation of financial ratios

Financial ratios have been calculated in accordance with the recommendations of the Danish Society of Financial Analysts:

Return on equity:	$\frac{\text{Profit for the year}}{\text{Average equity}}$
Profit margin:	$\frac{\text{Operating profit}}{\text{Revenue}}$
Equity ratio:	$\frac{\text{Equity at year-end}}{\text{Total assets}}$

## 5 Trading income and revenue

Amounts in tDKK	2023	2022
<b>Trading income, net*</b>		
Realised trading income	8,149,569	6,993,091
Net change in fair value of commodity derivatives held for trading	-374,819	1,107,370
Net change in fair value of inventory held for trading	-1,320,383	862,263
<b>Revenue from contracts with customers</b>		
Sales of climate certificates	1,644,185	1,256,448
Sales of power and energy related services	14,379,816	25,482,855
<b>Trading income and revenue</b>	<b>22,478,368</b>	<b>35,702,027</b>

\* Net change presented is the change in balance sheet value from the start of the year to the end of the year of derivatives and inventory. Realised trading income consists of settled values for realised contracts.

Centrica Energy Europe carries out almost all activities from Denmark as all handling of physical production and trading is done from the main office in Aalborg thus a split of the activity is not relevant. Furthermore Centrica Energy Europe see the European market as an integrated Pan-European market with more and more synergies across countries.

## 6 Staff costs

Amounts in tDKK	2023	2022
Wages and salaries	569,801	663,901
Pension costs	23,717	16,881
Other social security costs	5,374	3,819
Other staff costs	65,537	7,369
<b>Total</b>	<b>664,429</b>	<b>691,970</b>
<b>Average number of employees</b>	<b>477</b>	<b>361</b>

# Notes

## 7 Financial income

Amounts in tDKK	2023	2022
Interest income from group enterprises	265,862	13,437
Interest income from associates	224	218
Exchange rate adjustments	18,025	0
Other interest income	55,766	10,352
<b>Total</b>	<b>339,877</b>	<b>24,007</b>

## 8 Financial expenses

Amounts in tDKK	2023	2022
Interest expenses from group enterprises	2,356	0
Guarantee provision	3,538	2,637
Exchange rate adjustments	0	20,716
Interest expenses*	97,797	55,296
<b>Total</b>	<b>103,691</b>	<b>78,649</b>

\* Total interest expense calculated using the effective interest method for financial liabilities that are measured at amortised cost.

## 9 Tax on profit from ordinary activities

Amounts in tDKK	2023	2022
Tax on current year taxable income	760,316	1,220,869
Correction to current tax, previous years	31,682	-46,156
Correction to deferred tax, previous years	-1,601	1,366
<b>Total</b>	<b>790,397</b>	<b>1,176,079</b>

Deferred tax is computed at 22% and is broken down as follows:

Intangible assets	-15,959	-18,281
Plant and equipment	3,827	4,269
Current assets	4,692	4,971
<b>Total provision for deferred tax, closing balance</b>	<b>-7,440</b>	<b>-9,041</b>
Total provision for deferred tax, opening balance	-9,041	-7,675
<b>Provision for deferred tax for the year</b>	<b>-1,601</b>	<b>1,366</b>

### Effective tax percentage

Profit for the year before tax	3,445,948	5,830,836
Calculated tax (22%)	758,109	1,282,784
Effect of different tax percentages for foreign subsidiaries	-7,528	-62,162
Tax value of non-deductible costs and non-taxable income	9,735	247
Correction to current tax, previous years	31,682	-46,156
Correction to deferred tax, previous years	-1,601	1,366
<b>Tax on profit</b>	<b>790,397</b>	<b>1,176,079</b>
<b>Effective tax percentage</b>	<b>22.9%</b>	<b>20.2%</b>

# Notes

## 10 Intangible assets

Amounts in tDKK	2023	2022
<b>Development projects</b>		
Cost price as of 01.01.2023	255,637	227,967
Additions from business combinations	71,088	0
Additions during the year	6,314	0
Transfers during the year	6,987	27,670
Disposals during the year	-4,315	0
Foreign exchange adjustments	177	0
<b>Cost price as of 31.12.2023</b>	<b>335,888</b>	<b>255,637</b>
Amortisations as of 01.01.2023	193,842	168,653
Additions from business combinations	34,452	0
Amortisations during the year	35,823	25,189
Reversal of amortisations on disposals in the year	-3,834	0
Foreign exchange adjustments	87	0
<b>Amortisations as of 31.12.2023</b>	<b>260,370</b>	<b>193,842</b>
<b>Book value as of 31.12.2023</b>	<b>75,518</b>	<b>61,795</b>
<b>Contractual rights</b>		
Cost price as of 01.01.2023	1,516	1,516
Additions from business combinations	3,543	0
Disposals during the year	-1,516	0
Foreign exchange adjustments	9	0
<b>Cost price as of 31.12.2023</b>	<b>3,552</b>	<b>1,516</b>
Amortisations as of 01.01.2023	1,516	1,516
Additions from business combinations	3,245	0
Amortisations during the year	127	0
Reversal of amortisations on disposals in the year	-1,516	0
Foreign exchange adjustments	8	0
<b>Amortisations as of 31.12.2023</b>	<b>3,380</b>	<b>1,516</b>
<b>Book value as of 31.12.2023</b>	<b>172</b>	<b>0</b>
<b>Development projects in progress</b>		
Cost price as of 01.01.2023	21,303	20,168
Additions during the year	20,380	28,805
Transfers during the year	-6,987	-27,670
<b>Cost price as of 31.12.2023</b>	<b>34,696</b>	<b>21,303</b>
<b>Book value as of 31.12.2023</b>	<b>34,696</b>	<b>21,303</b>
<b>Booked value intangible assets as of 31.12.2023</b>	<b>110,386</b>	<b>83,098</b>

Development projects consists of own developed software. The software is supporting the Asset Management business as well as the Trading business.

# Notes

## 11 Tangible assets

Amounts in tDKK	2023	2022
<b>Land and buildings</b>		
Cost price as of 01.01.2023	129,027	128,039
Transfers during the year	666	988
<b>Cost price as of 31.12.2023</b>	<b>129,693</b>	<b>129,027</b>
Depreciation as of 01.01.2023	17,356	13,564
Depreciation during the year	3,907	3,792
<b>Depreciation as of 31.12.2023</b>	<b>21,263</b>	<b>17,356</b>
<b>Book value as of 31.12.2023</b>	<b>108,430</b>	<b>111,671</b>
<b>Leasehold improvements</b>		
Cost price as of 01.01.2023	0	0
Transfers during the year	725	0
<b>Cost price as of 31.12.2023</b>	<b>725</b>	<b>0</b>
Depreciation as of 01.01.2023	0	0
Depreciation during the year	6	0
<b>Depreciation as of 31.12.2023</b>	<b>6</b>	<b>0</b>
<b>Book value as of 31.12.2023</b>	<b>719</b>	<b>0</b>
<b>Plant and equipment</b>		
Cost price as of 01.01.2023	30,031	28,406
Additions from business combinations	16,024	0
Additions during the year	40,918	0
Transfers during the year	8,726	1,625
Foreign exchange adjustments	164	0
<b>Cost price as of 31.12.2023</b>	<b>95,863</b>	<b>30,031</b>
Depreciation as of 01.01.2023	23,296	20,341
Additions from business combinations	10,069	0
Depreciation during the year	7,964	2,955
Foreign exchange adjustments	130	0
<b>Depreciation as of 31.12.2023</b>	<b>41,459</b>	<b>23,296</b>
<b>Book value as of 31.12.2023</b>	<b>54,404</b>	<b>6,735</b>
<b>Plant and equipment in progress</b>		
Cost price as of 01.01.2023	0	728
Additions during the year	10,121	1,884
Transfers during the year	-10,117	-2,612
<b>Cost price as of 31.12.2023</b>	<b>4</b>	<b>0</b>
<b>Book value as of 31.12.2023</b>	<b>4</b>	<b>0</b>
<b>Booked value tangible assets as of 31.12.2023</b>	<b>163,557</b>	<b>118,406</b>

## Notes

### 12 Inventories

Amounts in tDKK	2023	2022
Gas*	1,133,045	2,453,428
Certificates	196,549	99,297
<b>Total</b>	<b>1,329,594</b>	<b>2,552,725</b>
<b>Cost of inventories expensed in the income statement</b>		
Certificates	1,432,912	1,087,413
<b>Total</b>	<b>1,432,912</b>	<b>1,087,413</b>

\* Gas inventories are measured at fair value less cost to sell.

### 13 Other payables (non-current)

Amounts in tDKK	2023	2022
Nominal value of debt	20,072	20,194
2-5 years	20,072	20,194
After 5 years	0	0
<b>Total</b>	<b>20,072</b>	<b>20,194</b>

### 14 Onerous contract provisions

Amounts in tDKK	2023	2022
Onerous contract provisions as of 01.01.2023	0	0
Additional onerous contract provisions in the year	192,050	0
<b>Onerous contract provisions as of 31.12.2023</b>	<b>192,050</b>	<b>0</b>

Centrica Energy Trading A/S holds an onerous contract provision of 174,878 tDKK at year-end relating to the expected loss from green certificates forward sold to prices below the forward prices at 2023 year-end.

One of Centrica Energy Trading A/S' subsidiaries holds an onerous contract provision of 17,172 tDKK relating to an expected loss as management have decided to withdraw from a market.

### 15 Other provisions

Amounts in tDKK	2023	2022
Other provisions as of 01.01.2023	22,504	31,354
Additional provisions in the year	0	6,028
Unused provisions reversed during the year	-22,504	-14,878
Provisions during the year	3,078	0
<b>Other provisions as of 31.12.2023</b>	<b>3,078</b>	<b>22,504</b>

Centrica Energy Trading A/S has been part of a number of minor legal disputes which have been settled in 2023. Previous year management made provisions of 22,504 tDKK to cover the expected potential losses from these legal disputes. The provisions of 22,504 tDKK have been reversed in the year, as time has shown that Centrica Energy Trading A/S did not realise any losses from the legal disputes

At year-end Centrica Energy Trading A/S holds a provision of 3,078 tDKK relating to a number of minor legal disputes. Management considers the provisions to be sufficient to cover future potential losses.

# Notes

## 16 Commitments, lease obligations and guarantees

### (a) Commitments and lease obligations

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.

Amounts in tDKK	2023	2022
Commitments in relation to leases	88,372	22,342
Renewable obligation certificates	3,549,628	3,637,263
Commodity purchase contracts	22,893,461	48,741,494
Transportation capacity	977,650	1,320,142
<b>Total</b>	<b>27,509,111</b>	<b>53,721,241</b>

The maturity analysis for commitments and leases at 31 December is given below:

Amounts in tDKK	2023	2022
Within 1 year	13,140,077	32,320,586
1-2 years	5,333,055	5,863,568
2-3 years	2,081,557	4,080,705
3-4 years	1,720,972	2,538,034
4-5 years	1,182,602	2,183,565
After 5 years	4,050,848	6,734,783
<b>Total</b>	<b>27,509,111</b>	<b>53,721,241</b>

### (b) Guarantees

Amounts in tDKK	2023	2022
The Group's banks have provided guarantees in relation to contractual obligations at the balance sheet date amounted to	1,729,524	1,611,004

# Notes

## 17 Financial assets and liabilities by category

The table below shows Centrica Energy Europe's financial instruments in the balance sheet divided into main categories. The categories indicate how the financial instruments are measured in the financial statements.

Amounts in tDKK	2023	2022
Derivative financial instruments*	3,382,864	7,939,582
<b>Financial assets measured at fair value through profit/loss</b>	<b>3,382,864</b>	<b>7,939,582</b>
Trade receivables	2,815,164	4,418,027
Deposits related to trading	1,047,401	2,090,388
Receivables from group enterprises	4,342,007	3,706,447
Cash and cash equivalents	1,449,394	3,340,236
<b>Financial assets measured at amortised cost</b>	<b>9,653,966</b>	<b>13,555,098</b>
Derivative financial instruments*	3,090,553	7,695,587
<b>Financial liabilities measured at fair value through profit/loss</b>	<b>3,090,553</b>	<b>7,695,587</b>
Trade payables	3,322,381	5,226,007
Deposits related to trading	341,790	3,162,595
Debt to group enterprises	439,520	10,475
<b>Financial liabilities measured at amortised cost</b>	<b>4,103,691</b>	<b>8,399,077</b>

\* Derivatives financial instruments include both physical and financial contracts..

# Notes

## 18 Financial risk management

The primary risks Centrica Energy Europe is exposed to include market risk, liquidity risk, credit risk and foreign exchange risk as a result of our business activities. We follow Centrica Energy Risk mandate, which is designed to identify, manage and mitigate these risks.

### Market risk management

Market risk arises in commodity and financial markets in which Centrica Energy Europe is engaged. The main risk factor is fluctuations in commodity prices, but there are also risks pertaining to volumes and interest rates.

The level of market risk to which Centrica Energy Europe is exposed at a point in time varies depending on market conditions, expectations of future price or market rate movements and the composition of the company's physical asset and contract portfolio.

#### (a) Commodity price risk management

Commodity price risk is the risk associated with possible future price moves of commodities and other products traded by Centrica Energy Europe, impacting the fair value or future cash flows impacting Centrica Energy Europe's current or future profitability.

As an energy trading company Centrica Energy Europe is active in most power and gas markets throughout Europe, as well as the related markets for e.g. green certificates.

Market risk management constantly monitors risk exposure across business areas. As part of their monitoring, a standard Value-at-Risk metric (VaR) approach is used, based on Monte Carlo simulation with a 95% confidence level and using a 75 days historical observation period. This is complimented by internally developed models to compensate for some of the known limitations of the VaR approach. VaR measures the estimated potential loss for a given confidence level over a predetermined holding period, which in our use is set to 1 day. The associated risk limits are set in the Risk Directive on the group level and in the limit registry for sub-limits set out for individual business areas.

As with any modelled risk measure, there are certain limitations that arise from the assumptions used in the VaR calculation. VaR assumes that historical price behaviours will continue in the future and that the Group's trading positions can be unwound or hedged within the predetermined holding period. Furthermore, the use of a 95% confidence level, by definition, does not take into account changes in value that might occur beyond this confidence level.

The VaR numbers, as defined in the Risk Directive, reported ultimo 2023 and 2022 respectively are 31.2 mDKK and 24.7 mDKK. The average VaR utilisation during 2023 and 2022 respectively was 14.3 mDKK and 63.7 mDKK. The majority of market risk exposure reflected in these numbers is related to price spread among price areas or as time spreads within price area as opposed to an outright exposure against the general price level of power or gas.

Renewable production volumes and the associated volumetric risk are regularly reassessed. Meteorologists, traders and quantitative analysts carry out this evaluation. Based on the evaluation hedges are adjusted as needed to remain within the limits set in the Risk Policy.

#### (b) Interest rate risk management

Centrica Energy Europe's exposure to the risk of changes in market interest rates relates primarily to interest-bearing receivables and liabilities. The exposure is not material.

### Liquidity risk management

Liquidity risk is the risk that Centrica Energy Europe is unable to meet its financial obligations as they fall due. Centrica Energy Europe experiences significant movements in its liquidity position primarily due to the

# Notes

## 18 Financial risk management (continued)

seasonal nature of its business and margin cash arrangements. To mitigate this risk Centrica Energy Europe maintains significant committed facilities and holds cash on deposit to ensure that there is sufficient liquidity headroom at all points in the seasonal trading cycle of the business. Centrica Energy Europe is furthermore owned by Centrica Plc, ensuring access to additional funding to meet short term liquidity needs, during high price scenarios.

During 2022 energy markets experienced record price levels and volatility, increasing the demand for liquidity across the industry. Centrica Energy Europe proved to have a robust liquidity model, ensuing continued trading activity throughout the year.

Maturities of derivative financial instruments, trade payables and group payables are provided in the following tables. The amounts disclosed in the table are the undiscounted contractual cash flows including interests based on the contractual maturities:

### 2023

Amounts in tDKK	Ultimo 2023	2024	2025	2026	After 2026
Trade payables	3,322,381	3,322,381	0	0	0
Deposits related to trading	341,790	341,790	0	0	0
Debt to group enterprises	439,520	439,520	0	0	0
Derivative financial instruments	3,090,553	1,757,165	510,293	162,869	660,226*
<b>Total</b>	<b>7,194,244</b>	<b>5,860,856</b>	<b>510,293</b>	<b>162,869</b>	<b>660,226</b>

\* Concerns large PPA's with maturity extending to year 2037.

### 2022

Amounts in tDKK	Ultimo 2022	2023	2024	2025	After 2025
Trade payables	5,226,007	5,226,007	0	0	0
Deposits related to trading	3,162,595	3,162,595	0	0	0
Debt to group enterprises	10,475	10,475	0	0	0
Derivative financial instruments	7,695,587	5,148,555	747,684	401,388	1,397,960*
<b>Total</b>	<b>16,094,664</b>	<b>13,547,632</b>	<b>747,684</b>	<b>401,388</b>	<b>1,397,960</b>

\* Concerns large PPA's with maturity extending to year 2033.

The table above shows the contractual cash outflows on contracts held. As part of Centrica Energy Europe's market risk management, the contracts are to a large extent hedged, with opposite contracts from which inflows of cash are expected. The table below shows the undiscounted contractual cash flows on asset derivative financial instruments, trade receivables and Group receivables presented in similar maturity buckets:

### 2023

Amounts in tDKK	Ultimo 2023	2024	2025	2026	After 2026
Trade receivables	2,815,164	2,815,164	0	0	0
Receivables from group enterprises	4,342,007	4,342,007	0	0	0
Deposits related to trading	1,047,401	1,047,401	0	0	0
Derivative financial instruments	3,382,864	2,298,664	647,677	104,375	332,148*
<b>Total</b>	<b>11,587,436</b>	<b>10,503,236</b>	<b>647,677</b>	<b>104,375</b>	<b>332,148</b>

\* Concerns large PPA's with maturity extending to year 2034.

# Notes

## 18 Financial risk management (continued)

2022

Amounts in tDKK	Ultimo 2022	2023	2024	2025	After 2025
Trade receivables	4,418,027	4,418,027	0	0	0
Receivables from group enterprises	3,706,447	3,706,447	0	0	0
Deposits related to trading	2,090,388	2,090,388	0	0	0
Derivative financial instruments	7,939,582	5,939,160	783,726	208,788	1,007,908*
<b>Total</b>	<b>18,154,444</b>	<b>16,154,022</b>	<b>783,726</b>	<b>208,788</b>	<b>1,007,908</b>

\* Concerns large PPA's with maturity extending to year 2044.

Centrica Energy Europe has credit facilities in form of guaranties at Euler Hermes 650 mDKK (2022: 650 mDKK). At Sydbank the credit facility in form of guaranties is 180 mDKK (2022: 180 mDKK), where 100 mDKK (2022: 100 mDKK) can be used as a cash overdraft.

Centrica Energy Europe furthermore has a Revolving Credit Facility with its parent company, which as of 31 December 2023 amounted to 21,500 mDKK (2022: 21,500 mDKK).

### Credit risk management

Credit risk is the risk of loss associated with a counterparty's inability or failure to discharge its obligations under a contract.

Credit risk exposure occurs when trading with counterparties. A thorough know your customer process is carried out before trading is commenced with a counterparty. A credit rating is furthermore carried out by the credit risk team, in line with the Groups Risk Directive. Through this process maximum allowed exposures are determined, and the need for any collateral or guarantees are assessed before trading commences.

A considerable part of Centrica Energy Europe's counterparties are covered by the standard EFET agreement. This agreement also contain regulation on credit, payment and offsetting. This means that Centrica Energy Europe is less exposed to credit risk as opposed to trading with less or no standardised terms.

Historically credit losses have been limited. Provisions for loss on trade receivables was at the beginning of the year 40.5 mDKK. Of these 10 mDKK were used during the year, while the remaining 30.5 mDKK was released. Given a need of 137 mDKK further reserves, the provision at 31.12.2023 was 137 mDKK.

2023

Amounts in tDKK	Trade receivables	Derivative financial instruments	Total
<b>The credit quality of the group's counterparties</b>			
Minimal risk (Rated A)	939,038	478,769	<b>1,417,807</b>
Low risk (Rated B)	1,755,195	2,770,451	<b>4,525,646</b>
High risk (Rated C)	120,931	133,644	<b>254,575</b>
<b>Total</b>	<b>2,815,164</b>	<b>3,382,864</b>	<b>6,198,028</b>

# Notes

## 18 Financial risk management (continued)

2022  
Amounts in tDKK

	Trade receivables	Derivative financial instruments	Total
<b>The credit quality of the group's counterparties</b>			
Minimal risk (Rated A)	1,422,876	1,506,833	2,929,709
Low risk (Rated B)	2,824,905	5,883,114	8,708,019
High risk (Rated C)	170,246	549,635	719,881
<b>Total</b>	<b>4,418,027</b>	<b>7,939,582</b>	<b>12,357,609</b>

Minimal and low risk covers TSO's, Power Plants and A-rated counterparties. It is the assessment of the Centrica Energy Europe that these counterparties carry no or only little credit risk as they are part of partly public security of supply or have high credit ratings.

### Foreign currency risk

The framework for open currency positions is based on the risk assessment of the foreign currency market. Each currency is associated with a risk weight reflecting the risk related to the respective currencies. The commercial currency exposure is accumulated in a portfolio managed by Centrica Energy Europe's treasury department and subsequently hedged in the market.

Trading energy throughout Europe in different currencies naturally entails currency risk, which is handled by the treasury department with the purpose of removing all material currency risk.

The table below shows an analysis of the sensitivity of the Group's financial position and exposure to changes in foreign exchange rates. The company deems 0.5% movements to Danish Kroner and 10% movements to Pounds Sterling currency rates relative to Euro to be reasonably possible. The impact of such movements on profits and equity, assuming all else is equal, are as follows:

Incremental profit/(loss)

	2023		2022	
	Reasonably possible change in currency	Impact on P/L and Equity before tax	Reasonably possible change in currency	Impact on P/L and Equity before tax
DKK	+0.5%	11,583	+0.5%	29,586
	-0.5%	-11,583	-0.5%	-29,586
GBP	+10%	80,931	+10%	83,794
	-10%	-80,931	-10%	-83,794

# Notes

## 18 Financial risk management (continued)

### Offsetting financial assets and financial liabilities

Centrica Energy Europe enters in to offsetting agreements with counterparts also covering financial contracts. Both long and short positions are traded with these counterparts and the gross value of these contracts can be significant. However, the possibility to offset individual contracts with these counterparts mean that the actual cash settlement of the contracts is significantly lower. Offsetting is mainly done on trades regarding the same commodity in the same currency, which are settled net, but Centrica Energy Europe also apply master netting agreements with the possibility to do cross commodity netting. The netting is carried out also in the actual settlement in cash. The table below shows the financial assets and liabilities that are subject to offsetting.

2023

Amounts in tDKK	Gross amounts of recognised financial asset/liability	Gross amounts offset in the Group Balance Sheet	Net amounts presented in the Group Balance Sheet	Related amounts not set off in the Group balance sheet	
				Collateral	Net amount
<b>Offsetting of financial assets</b>					
Trade receivables	9,938,444	7,123,280	2,815,164	116,235	2,698,929
Receivables from group enterprises	10,172,602	5,830,595	4,342,007	0	4,342,007
Derivative financial instruments	16,839,097	13,456,233	3,382,864	225,567	3,157,297
<b>Total</b>	<b>36,950,143</b>	<b>26,410,108</b>	<b>10,540,035</b>	<b>341,802</b>	<b>10,198,233</b>
<b>Offsetting of financial liabilities</b>					
Trade payables	10,445,661	7,123,280	3,322,381	7,820	3,314,561
Payables to group enterprises	6,270,115	5,830,595	439,520	0	439,520
Derivative financial instruments	16,546,786	13,456,233	3,090,553	9,508	3,081,045
<b>Total</b>	<b>33,262,562</b>	<b>26,410,108</b>	<b>6,852,454</b>	<b>17,328</b>	<b>6,835,126</b>

2022

Amounts in tDKK	Gross amounts of recognised financial asset/liability	Gross amounts offset in the Group Balance Sheet	Net amounts presented in the Group Balance Sheet	Related amounts not set off in the Group balance sheet	
				Collateral	Net amount
<b>Offsetting of financial assets</b>					
Trade receivables	16,576,024	12,157,997	4,418,027	406,065	4,011,962
Receivables from group enterprises	21,763,401	18,056,954	3,706,447	0	3,706,447
Derivative financial instruments	65,405,975	57,466,393	7,939,582	2,067,117	5,872,465
<b>Total</b>	<b>103,745,400</b>	<b>87,681,344</b>	<b>16,064,056</b>	<b>2,473,182</b>	<b>13,590,874</b>
<b>Offsetting of financial liabilities</b>					
Trade payables	17,384,004	12,157,997	5,226,007	63,976	5,162,031
Payables to group enterprises	18,067,429	18,056,954	10,475	0	10,475
Derivative financial instruments	65,161,980	57,466,393	7,695,587	383,701	7,311,886
<b>Total</b>	<b>100,613,413</b>	<b>87,681,344</b>	<b>12,932,069</b>	<b>447,677</b>	<b>12,484,392</b>

# Notes

## 18 Financial risk management (continued)

### Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern, while seeking to maintain an efficient capital structure with a balance of net debt and equity as shown in the table below:

Amounts in tDKK	2023	2022
Debt	5,460,600	10,100,364
Cash and cash equivalents	1,449,394	3,340,236
<b>Net debt</b>	<b>4,011,206</b>	<b>6,760,128</b>
<b>Equity</b>	<b>6,302,069</b>	<b>6,657,683</b>
<b>Net debt to equity ratio (%)</b>	<b>64%</b>	<b>102%</b>

Debt levels are restricted to maintain a strong credit profile. The Group's credit standing is important to limit collateral requirements in energy trading and hedging, and to ensure the Group is an attractive counterparty to energy producers and long-term customers. The decrease in net debt in the year is primarily due to lower commodity prices at the end of the year, compared to 2022.

## 19 Fair value of 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 company has documented internal policies for determining fair value, including methodologies used to establish valuation adjustments required for credit risk.

Financial instruments measured at fair value primarily consist of commodity derivatives traded as part of the Group's ordinary business activities, as well as foreign exchange derivatives used for managing currency risk exposures.

For the purpose of the fair value disclosures, the Group has determined classes of financial instruments that are appropriate to the nature of the information disclosed, taking into account the characteristics of those financial instruments as well as the underlying commodity.

### (a) Fair value hierarchy

As prescribed in IFRS 13 the Group has classified financial instruments into three levels. This serves to provide an indication of the reliability of the inputs used when determining the fair value of financial instruments measured at fair value through profit and loss in the financial statements.

#### Level 1

Level 1 consists of exchange traded derivatives, which are valued using closing prices provided by the exchanges at the balance sheet date. Exchange traded derivatives are cleared daily through the receipt or payment of variation margin. The cleared value is not presented within the derivative balance.

#### Level 2

Level 2 financial assets and liabilities consists of over-the-counter (OTC) commodity sale and purchase contracts with power, gas and certificates as the underlying for which observable prices are available in the delivery period. The period in which observable prices are available varies between 0 and 4 years depending on the market. Prices used are prices derived from quoted prices or prices obtained through index developers, corroborated with market data.

# Notes

## 19 Fair value of financial instruments (continued)

For Level 2 contracts the fair value is determined using standard valuation techniques. The obtained market values are discounted back to present value.

Bid/offer and CVA reserves are calculated on a portfolio level and included in Level 2 assets, and not pushed down to the individual trade.

### Level 3

Derivative financial instruments that fall within Level 3 of the fair value hierarchy are derivative financial instruments where unobservable inputs are used in the valuation significantly impacting the fair value assessment. These inputs include unobservable prices, risk premiums, volatilities and certain asset dependent factors. Dependent on the market prices are observable for the first 0 to 4 years. Centrica Energy Europe holds power contracts up to a 20 year time horizon.

Linear Level 3 Power and Level 3 Gas derivatives consist of OTC traded power capacities, and OTC traded physical commodity sale and purchase contracts, in markets for which observable prices are not available in the delivery period. For Level 3 energy derivatives, the main input used pertains to deriving expected future commodity prices in markets that are not active as far into the future as some of our contractual terms. Linear contracts are fair valued through standard valuation techniques, using prices derived from quoted prices or prices obtained through index developers. The obtained market values are discounted back to present value. Discount factors used range from 0,99 to 0,77, depending on delivery period and market.

Non-linear Level 3 contracts consist of contracts containing optionality or volume flexibility. Valuation of these is based on internal standard simulation models, using prices derived from quoted prices or price obtained through index developers, volatility and production estimates. Renewable production volumes and the associated volumetric risk are regularly reassessed. Meteorologists, traders and quantitative analysts carry out this evaluation. The Group has separate teams responsible for developing and quality assessing the models used for individual valuations.

The Group's valuation process includes specific teams of individuals that perform valuations of the Group's derivative financial instruments 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 into 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 Group's Executive Committee and valuations of all derivative financial instruments, 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. The price curves used when valuing Level 3 derivatives as of 31.12.2023 has pricing ranging from 240 DKK to 890 DKK pr. MW for Nordic Power, 265 DKK to 784 DKK pr. MW for Continental Power, 509 DKK to 754 DKK pr. MW for UK Power and 234 DKK to 298 DKK pr. MW for European gas.

The Group adjusts the market value of derivative financial instruments to account for counterparty credit risk and corresponding possibility of a counterparty default preventing full realisation of the risk-free market value of the derivative financial instrument. The Group estimates Credit Valuation Adjustments by computing an expected evolution of the market value of a counterpart's derivatives portfolio over the life of the contracts weighted by the probability of a default and an assumption of the market value recoverable in the event of a default. The Credit Value Adjustment was 161 mDKK as of 31.12.2023 and 455 mDKK as of 31.12.2022.

# Notes

## 19 Fair value of financial instruments (continued)

2023

Amounts in tDKK	Level 1	Level 2	Level 3	Total
<b>Non-financial assets</b>				
Gas trading inventories at fair value	0	1,133,045	0	1,133,045
<b>Total non-financial assets</b>	<b>0</b>	<b>1,133,045</b>	<b>0</b>	<b>1,133,045</b>
<b>Financial assets</b>				
Power – linear contracts	0	302,719	541,217	843,936
Power – non-linear contracts	0	0	312,683	312,683
Gas	0	1,908,689	260,264	2,168,953
Other	0	57,292	0	57,292
<b>Total financial assets</b>	<b>0</b>	<b>2,268,700</b>	<b>1,114,164</b>	<b>3,382,864</b>
<b>Financial liabilities</b>				
Power – linear contracts	0	-328,180	-901,770	-1,229,950
Power – non-linear contracts	0	0	-988,989	-988,989
Gas	0	-782,119	-34,196	-816,315
Other	0	-55,299	0	-55,299
<b>Total financial liabilities</b>	<b>0</b>	<b>-1,165,598</b>	<b>-1,924,955</b>	<b>-3,090,553</b>
<b>Total financial assets and liabilities</b>	<b>0</b>	<b>1,103,102</b>	<b>-810,791</b>	<b>292,311</b>

2022

Amounts in tDKK	Level 1	Level 2	Level 3	Total
<b>Non-financial assets</b>				
Gas trading inventories at fair value	0	2,315,262	138,166	2,453,428
<b>Total non-financial assets</b>	<b>0</b>	<b>2,315,262</b>	<b>138,166</b>	<b>2,453,428</b>
<b>Financial assets</b>				
Power – linear contracts	0	2,854,153	3,022,719	5,876,872
Power – non-linear contracts	0	0	331,373	331,373
Gas*	0	1,914,780	-197,230	1,717,550
Other	0	13,787	0	13,787
<b>Total financial assets</b>	<b>0</b>	<b>4,782,720</b>	<b>3,156,862</b>	<b>7,939,582</b>
<b>Financial liabilities</b>				
Power – linear contracts	0	-1,271,843	-3,354,234	-4,626,077
Power – non-linear contracts	0	0	-1,742,618	-1,742,618
Gas	0	-221,815	-1,105,394	-1,327,209
Other*	0	317	0	317
<b>Total financial liabilities</b>	<b>0</b>	<b>-1,493,341</b>	<b>-6,202,246</b>	<b>-7,695,587</b>
<b>Total financial assets and liabilities</b>	<b>0</b>	<b>3,289,379</b>	<b>-3,045,384</b>	<b>243,995</b>

\* Due to offsetting principles across commodities, some commodities might show negative amounts.

# Notes

## 19 Fair value of financial instruments (continued)

### Level 3 financial instruments

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

Amounts in tDKK	2023	2022
1st January	-3,045,390	-2,401,121
Transfers from Level 2 to Level 3	0	614,101
Transfers from Level 3 to Level 2	216,644	2,255,748
Settlements	1,335,507	-702,683
Total realized and unrealized (losses)/Gains recognized through profit or loss	891,335	-2,811,435
<b>31st December</b>	<b>-601,904</b>	<b>-3,045,390</b>

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

Settlements comprise January 1st values realised during the year.

The market risk for all Level 3 contracts is included in the risk limits set in the Risk Policy and consequently hedged in the underlying markets or through proxy hedge in correlated markets (Level 1 and 2 contracts) where possible.

Because the Level 3 energy financial instrument valuations involve the prediction of future commodity market prices, sometimes a long way into the future, reasonably possible alternative assumptions for gas or power prices may result in a higher or lower fair value for Level 3 financial instruments. The sensitivity analysis provided discloses the effect on profit or loss at 31 December 2023, assuming that a reasonably possible change in the relevant risk variable had occurred at 31 December 2023, and has been applied to the risk exposures in existence at that date to show the effects of reasonably possible changes in price on profit or loss.

The sensitivity analysis provided is hypothetical only and should be used with caution as the impacts provided are not necessarily indicative of the actual impacts that would be experienced. This is because the company's actual exposure to market rates is changing constantly as the company's portfolio of commodity, debt and foreign currency contracts changes.

The sensitivity analysis reflects the financial impact of a change in the underlying commodity prices (delta values). The most critical non observable input is power prices and gas prices in the specified regions. Reasonable changes to other non observable inputs are considered immaterial to the valuations, and no simulation is carried out on these.

The impacts of reasonably possible changes using probability-based high and low curves applied to Level 3 proprietary trades are as follows:

Amounts in tDKK	2023		2022	
	Price movement	Impact on P/L and Equity before tax	Price movement	Impact on P/L and Equity before tax
Level 3 Nordic Power	Increase	64,751	Increase	510,179
	Decrease	-64,751	Decrease	-514,332
Level 3 Continental Power	Increase	160,373	Increase	879,060
	Decrease	-160,373	Decrease	-879,060
Level 3 UK Power	Increase	66,798	Increase	160,376
	Decrease	-61,327	Decrease	-142,717
Level 3 Europe Gas	Increase	-108,433	Increase	4,304,426
	Decrease	108,432	Decrease	-4,321,903
Level 3 European Gas in Storage	Increase	92,681	Increase	114,369
	Decrease	-92,681	Decrease	-114,369

# Notes

## 19 Fair value of financial instruments (continued)

The P/L impacts are based on reasonably possible price changes. These are calculated using both the active and inactive market curves for energy prices.

The method used for determining the sensitivity to reasonable movements in the price curves is the same as last year. Reasonable possible price changes used range from 61% (2022: 83%) at the short end of the curve to 13% (2022: 24%) at the long end of the curve for gas, and from 14% (2022: 39%) at the short end of the curve to 20% (2022: 23%) at the long end of the curve for power.

The fair values disclosed only concern contracts within the scope of IFRS 9. Centrica Energy Europe also holds contracts outside the scope of IFRS 9. Such contracts are not fair valued. These contracts are specified in note 16.

### Transfers in fair value hierarchy

The liquidity in the different markets and delivery periods in which the Group operates, were reassessed during the year, leading to transfers between Level 2 and Level 3.

### (a) Day-one gain or loss deferred

Where the fair value at initial recognition based on the in section 19 (b) described valuation techniques, differs from the transaction price, a fair value gain or fair value loss will arise. Such losses are deferred and recognised in the income statement over the delivery period of the underlying contracts based on the delivered volumes, until such time as observable market data becomes available. When observable market data becomes available, any remaining deferred day-one gains or losses are recognised within the Group Income Statement.

### Day-one gain or loss deferred

Amounts in tDKK	2023 Linear	2023 Non-linear	2022 Linear	2022 Non-linear
1st January	296,737	2,160,686	174,988	718,213
Adjustment to opening balance*	0	0	107,058	0
Net gain/loss deferred on purchases in the year	31,410	-1,698,274	-66,971	3,303,498
Net amounts recognised in the income statement	-98,864	243,323	81,662	-1,861,025
<b>31st December</b>	<b>229,283</b>	<b>705,735</b>	<b>296,737</b>	<b>2,160,686</b>

\* Adjustments to opening balance relates to corrections of existing contracts.

# Notes

## 20 Related party transactions

During the year the Group entered into the following arm's length transactions with related parties:

Amounts in tDKK	2023	2022
<b>Transactions with related parties</b>		
Sales of goods and services to group enterprises*	6,996,952	3,997,231
Purchases of goods and services from group enterprises*	2,485,631	6,062,986
Purchases of goods and services from parent companies*	113,861	44,284
Financial income from parent companies	265,862	13,437
Financial income from associates	224	218
Financial expenses from parent companies	2,356	0
<b>Related party balances</b>		
Receivables from parent companies**	2,493,203	1,585,751
Receivables from group enterprises*	1,848,804	2,120,696
Receivables from associates	3,882	5,425
Payables to parent companies**	61,367	10,475
Payables to group enterprises*	378,153	0

\* Sales to and purchases from group parties, including receivables and payables in this regard, is mainly carried out on EFET terms. Figures presented include trading income presented net across all counterparties in the income statement. Figures reported above for trading income, are net by related party.

\*\* Receivables from parent companies mainly relates to distribution of surplus liquidity in the Centrica Group.

### Key management remuneration

Key management personal comprise of CEO\*, COO, CFO and CMSO at 31 December 2023 (2022:3).

### Remuneration of key management personal

Amounts in tDKK	2023	2022
Short-term benefits**	4,452	5,811
Post-employment benefits	301	89
Share-based payments	434	19
<b>Total</b>	<b>5,187</b>	<b>5,919</b>

\* Remuneration is included as a proportion of remuneration paid from the overlying parent company.

\*\* Short-term benefits comprise base salary, company car scheme, cash bonuses etc.

### Remuneration of board of directors

Amounts in tDKK	2023	2022
Total remuneration to board of directors	60	60
<b>Total</b>	<b>60</b>	<b>60</b>

# Notes

## 20 Related party transactions (continued)

### Share savings programme

A number of employees are eligible for a share-based incentives program, through which the employees are awarded shares. The program contains a two-to-three-year vesting period after which, the shareholders can dispose of the shares at their discretion. The employees must be employed at the time of vesting to receive the shares.

The share grant value is calculated as the average stock price over 5 days preceding the grant date. The cost for Centrica Energy Trading A/S is equal to the grant value.

During the year 3,248,074 shares were granted at an average price of 108.10 pence per share. The closing price of one Centrica ordinary share as of 31 December 2023 was 140.65 pence. The cost of granted shares recognised in profit and loss for the year amounts to 19,555 tDKK.

During last year 2,340,615 shares were granted at an average price of 89.11 pence per share. The closing price of one Centrica ordinary share as of 31 December 2022 was 96.50 pence. The cost of granted shares recognised in profit and loss for the year amounts to 2,668 tDKK.

Amounts in tDKK	2023	2022
Number of outstanding shares as of 1st January	2,350,791	10,176
Number of shares granted during the period	3,248,074	2,340,615
<b>Number of outstanding shares as of 31st December</b>	<b>5,598,865</b>	<b>2,350,791</b>

## 21 Auditors' remuneration

Amounts in tDKK	2023	2022
Statutory audit	3,163	785
Other services	18	290
<b>Total</b>	<b>3,181</b>	<b>1,075</b>

Statutory audit fees listed include 1,187 mDKK of fees relating to audit of the company's subsidiaries.

## 22 Related undertakings

The Group has subsidiaries in the United Kingdom, Germany, Singapore, Belgium, France and Denmark. These are listed below.

### (a) Parent Company

Centrica Energy Trading A/S is controlled by Centrica Overseas Holding Ltd. The ownership is registered in the Company's register of shareholders as holding 100% of the votes and shares. The company is included in the consolidated financial statements of its ultimate parent, Centrica Plc.

31 December 2023	Principal activity	Country of incorporation/ registered address key*	Type
Centrica Plc.	Holding company	United Kingdom / A	Ultimate parent
Centrica Overseas Holding Ltd.	Holding company	United Kingdom / A	Immediate parent

\* For list of registered addresses, refer to note 22(d).

# Notes

## 22 Related undertakings (continued)

Centrica Energy Trading A/S appears as a subsidiary in the consolidated financial statements for Centrica Plc. which includes the biggest and smallest group in which the parent company is a subsidiary.

The consolidated financial statements of Centrica Plc. are available at Centrica's website: [www.centrica.com](http://www.centrica.com).

### (b) Subsidiary undertakings

Investments held directly by Centrica Energy Trading A/S with 100% ownership and voting rights:

31 December 2023	Principal activity	Country of incorporation/ registered address key*	Class of shares held
Neas Invest A/S	Dormant	Denmark / B	Ordinary shares
Neas Energy Ltd.	Energy services and wholesale energy trading	United Kingdom / A	Ordinary shares
Centrica Energy Trading GmbH	Energy services and wholesale energy trading	Germany / C	Ordinary shares
Centrica Energy Trading Pte. Ltd.	Energy services and wholesale energy trading	Singapore / D	Ordinary shares
Centrica Business Solutions Belgium NV	Energy services and wholesale energy trading	Belgium / E	Ordinary shares
Centrica Business Solution UK Optimisation Ltd.	Energy services and wholesale energy trading	United Kingdom / F	Ordinary shares
Centrica Business Solutions France SAS	Energy services and wholesale energy trading	France / G	Ordinary shares

\* For list of registered addresses, refer to note 22(d).

### (c) Associates

31 December 2023	Principal activity	Country of incorporation/ registered address key*	Class of shares held	Indirect interest and voting rights (%)
<b>Associates</b>				
Vindpark KEBLOWO ApS	Operation of an onshore windfarm	Denmark / H	Ordinary shares	50.0%

\* For list of registered address, refer to note 22(d).

### (d) List of registered addresses

Registered address key	Address
A	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom
B	Skelagervej 1, 9000 Aalborg, Denmark
C	Gustav-Mahler-Platz 1, 20354 Hamburg, Germany
D	220 Orchard Road, #05-01 Midpoint Orchard, Singapore 238852, Republic of Singapore
E	2600 Antwerpen, Roderveldlaan 2 BUS 2, Belgium
F	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom
G	60 Avenue Charles De Gaulle 92200 Neuilly-Sur-Seine, France
H	Mariagervej 58B, DK 9500 Hobro, Denmark



# Financial statements

Parent company



# Income statement

01.01.2023 - 31.12.2023

Amounts in tDKK	Note	2023	2022
Trading income and revenue	4	21,984,461	34,375,916
Cost of sales		-18,011,507	-28,937,859
<b>Gross profit</b>		<b>3,972,954</b>	<b>5,438,057</b>
Other operating income		85,091	71,168
Other external expenses		-338,003	-173,658
Staff costs	5	-583,920	-650,258
<b>Profit before amortisation and depreciation</b>		<b>3,136,122</b>	<b>4,685,309</b>
Depreciation, amortisation and impairment losses		-29,398	-31,931
<b>Operating profit</b>		<b>3,106,724</b>	<b>4,653,378</b>
Received dividends from investments in group enterprises		1,102,066	0
Income from investments in associates using the equity method		816	1,028
Financial income	6	288,239	14,652
Financial expenses	7	-104,914	-79,910
<b>Profit before tax</b>		<b>4,392,931</b>	<b>4,589,148</b>
Tax on profit	8	-769,695	-966,456
<b>Profit for the year</b>		<b>3,623,236</b>	<b>3,622,692</b>

# Statement of comprehensive income

01.01.2023 - 31.12.2023

Amounts in tDKK	Note	2023	2022
<b>Profit for the year</b>		<b>3,623,236</b>	<b>3,622,692</b>
<b>Other comprehensive income</b>			
<b>Items that will be or have been reclassified to the Income Statement:</b>			
Exchange differences on translation of foreign operations		18	0
<b>Other comprehensive income, net of taxation</b>		<b>18</b>	<b>0</b>
<b>Total comprehensive income for the year</b>		<b>3,623,254</b>	<b>3,622,692</b>

# Balance sheet

31.12.2023

## Assets

Amounts in tDKK	Note	2023	2022
Development projects		46,046	61,795
Development projects in progress		34,696	21,303
<b>Intangible assets</b>	9	<b>80,742</b>	<b>83,098</b>
Land and buildings		108,430	111,671
Leasehold improvements		719	0
Plant and equipment		9,058	6,723
Plant and equipment in progress		4	0
<b>Tangible assets</b>	10	<b>118,211</b>	<b>118,394</b>
Investments in group enterprises accounted for using the cost price method	11	790,018	11,135
Investments in associates accounted for using the equity method		8,538	7,704
<b>Investments in group enterprises and associates</b>		<b>798,556</b>	<b>18,839</b>
<b>Non-current assets</b>		<b>997,509</b>	<b>220,331</b>
Inventories	12	1,329,594	2,552,725
Trade receivables		2,742,440	4,421,449
Deposits related to trading		1,029,255	2,078,434
Receivables from group enterprises		3,838,150	2,429,558
Receivables from associates		3,882	5,425
Prepayments		84,600	150,673
Derivative financial instruments	18,19	3,382,864	7,939,582
Cash and cash equivalents		1,349,905	3,241,638
<b>Current assets</b>		<b>13,760,690</b>	<b>22,819,484</b>
<b>Assets</b>		<b>14,758,199</b>	<b>23,039,815</b>

# Balance sheet

31.12.2023

## Equity and liabilities

Amounts in tDKK	Note	2023	2022
Share capital		123,507	123,507
Reserve for net revaluation according to the equity method		2,572	1,738
Reserve for development costs		59,679	62,160
Retained earnings		5,850,568	5,225,667
<b>Equity</b>	13	<b>6,036,326</b>	<b>5,413,072</b>
Provision for deferred tax	8	7,192	9,061
Derivative financial instruments	18,19	1,353,183	2,547,253
Debt to group enterprises		159,493	0
Other payables	14	20,072	20,194
<b>Non-current liabilities</b>		<b>1,539,940</b>	<b>2,576,508</b>
Trade payables	18	2,819,810	4,787,018
Other payables		368,823	481,893
Deposits related to trading		341,790	3,162,595
Debt to group enterprises		1,024,548	468,700
Onerous contract provisions	15	174,878	0
Other provisions	16	3,078	22,504
Derivative financial instruments	18,19	1,737,370	5,148,334
Income tax payable		694,772	968,016
Deferred income		16,864	11,175
<b>Current liabilities</b>		<b>7,181,933</b>	<b>15,050,235</b>
<b>Liabilities</b>		<b>8,721,873</b>	<b>17,626,743</b>
<b>Equity and liabilities</b>		<b>14,758,199</b>	<b>23,039,815</b>

# Statement of changes in equity

Amounts in tDKK	Share capital	Reserve for net revaluation according to the equity method	Reserve for development costs	Extraordinary dividend payment	Retained earnings	Total
<b>2023</b>						
Balance as of 01.01.2023	123,507	1,738	62,160	0	5,225,667	5,413,072
Dividend payment in the year	0	0	0	-3,000,000	0	-3,000,000
Development costs	0	0	-2,481	0	2,481	0
Share of profit/loss for the year	0	816	0	0	-816	0
Profit/loss for the year	0	0	0	3,000,000	623,236	3,623,236
Other comprehensive income for the year	0	18	0	0	0	18
Total comprehensive income for the year	0	834	-2,481	3,000,000	624,901	3,623,254
<b>Balance as of 31.12.2023</b>	<b>123,507</b>	<b>2,572</b>	<b>59,679</b>	<b>0</b>	<b>5,850,568</b>	<b>6,036,326</b>

Amounts in tDKK	Share capital	Reserve for net revaluation according to the equity method	Reserve for development costs	Retained earnings	Total
<b>2022</b>					
Balance as of 01.01.2022	123,507	193,775	56,682	1,608,136	1,982,100
Adjustment to opening balance	0	-193,065	0	1,345	-191,720
<b>Restated balance as of 01.01.2022</b>	<b>123,507</b>	<b>710</b>	<b>56,682</b>	<b>1,609,481</b>	<b>1,790,380</b>
Development costs	0	0	5,478	-5,478	0
Share of profit/loss for the year	0	1,028	0	-1,028	0
Profit/loss for the year	0	0	0	3,622,692	3,622,692
Other comprehensive income for the year	0	0	0	0	0
Total comprehensive income for the year	0	1,028	5,478	3,616,186	3,622,692
<b>Balance as of 31.12.2022</b>	<b>123,507</b>	<b>1,738</b>	<b>62,160</b>	<b>5,225,667</b>	<b>5,413,072</b>

The share capital consists of 123,507,152 shares of a nominal face value of DKK 1 each (fully paid in at an average price at 1.26).

No shares carry special rights.

# Cash flow statement

01.01.2023 - 31.12.2023

Amounts in tDKK	Note	2023	2022
<b>Operating profit</b>		<b>3,106,724</b>	<b>4,653,378</b>
Depreciation, amortisation and impairment losses		29,398	31,931
<b>Operating profit adjusted for non-liquid items</b>		<b>3,136,122</b>	<b>4,685,309</b>
Financial income received		288,239	14,652
Financial expenses paid		-104,914	-79,910
Corporation tax paid		-1,044,808	-129,548
<b>Changes in net working capital:</b>			
Inventories		1,223,131	-873,977
Collateral		-1,771,626	2,824,247
Derivative financial instruments		1,145,754	-742,928
Receivables		1,905,357	728,260
Payables		-2,397,988	-2,344,692
<b>Net cash flow from operating activities</b>		<b>2,379,267</b>	<b>4,081,413</b>
<b>Investment in non-current assets:</b>			
Purchase of intangible assets		-20,380	-28,805
Purchase and development of intangible assets		-6,479	-1,885
Capital increase in subsidiaries		-746,100	0
Purchase of businesses, net of cash acquired*		-32,783	0
<b>Net cash flow from investing activities</b>		<b>-805,742</b>	<b>-30,690</b>
Dividends received		1,102,066	0
Dividends paid		-3,000,000	0
Net change in group cashpool arrangements		-1,567,324	-1,796,676
<b>Net cash flow from financial activities</b>		<b>-3,465,258</b>	<b>-1,796,676</b>
<b>Total net cash flow for the year</b>		<b>-1,891,733</b>	<b>2,254,047</b>
Cash at the beginning of the year		3,241,638	987,591
<b>Cash at the end of the year</b>		<b>1,349,905</b>	<b>3,241,638</b>
<b>Cash at end of year specified as follows:</b>			
Cash		1,349,905	3,241,638
<b>Total</b>		<b>1,349,905</b>	<b>3,241,638</b>

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# Notes

## 1 General information

Centrica Energy Trading A/S (the ‘Company’) is a subsidiary of the public company Centrica plc, domiciled and incorporated in the UK, and registered in England and Wales. The address of the registered office is Skelagervej 1, 9000 Aalborg, Denmark.

The functional currency of the Company is Euro. The presentational currency is Danish Kroner (DKK) in line with previous years. All values are rounded to the nearest thousand (tDKK).

IFRS is used synonymously with IFRS <sup>(R)</sup> Accounting Standards.

## 2 Basis of preparation and summary of significant new accounting policies and reporting changes

The principal accounting policies applied in the preparation of the Company financial statements are consistent with those of the Group as disclosed in note 4 “Summary of significant accounting policies” to the consolidated financial statements. Unless otherwise stated, these policies have been consistently applied to the years presented.

### (a) Basis of preparation and changes in accounting policy

The separate financial statements of the Company has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements in the Danish Financial Statements Acts applying to large enterprises of reporting class C.

The Company financial statements have been prepared on a going concern basis and under the historical cost basis except for gas inventory and derivative financial instruments required to be measured at fair value through profit or loss.

### (b) Changes in accounting policy

Accounting policies for investments in group enterprises have been changed from applying the equity method to holding such investments at cost.

The reason for the change in policy is alignment with accounting policies in the Centrica Group. Furthermore, group enterprises are fully consolidated in the Group consolidated financial statements.

Comparative figures have been updated.

As of December 31st, 2023 the accumulated effect of the changes in policy are an increase in the result for the year of 966 mDKK, assets are reduced by 271 mDKK and equity is reduced by 271 mDKK. As of December 31st, 2022 the result for the year is reduced by 1,034 mDKK, assets are reduced by 1,248 mDKK and equity is reduced by 1,248 mDKK.

## 3 Critical accounting judgements and key sources of estimation uncertainty

The critical accounting judgements and key sources of estimation uncertainty are consistent with those of the Group as disclosed in note 3 in the Group consolidated financial statements.

# Notes

## 4 Trading income and revenue

Amounts in tDKK	2023	2022
<b>Trading income, net*</b>		
Realised trading income	7,655,662	5,670,916
Net change in fair value of commodity derivatives held for trading	-374,819	1,107,370
Net change in fair value of inventory held for trading	-1,320,383	862,263
<b>Revenue from contracts with customers</b>		
Sales of climate certificates	1,644,185	1,252,512
Sales of power and energy related services	14,379,816	25,482,855
<b>Trading income and revenue</b>	<b>21,984,461</b>	<b>34,375,916</b>

\* Net change presented is the change in balance sheet value from the start of the year to the end of the year of derivatives and inventory.  
Realised trading income consists of settled values for realised contracts.

Centrica Energy Trading A/S carries out almost all activities from Denmark as all handling of physical production and trading is done from the main office in Aalborg thus a split of the activity is not relevant. Furthermore Centrica Energy Trading A/S see the European market as an integrated Pan-European market with more and more synergies across countries.

## 5 Staff costs

Amounts in tDKK	2023	2022
Wages and salaries	495,831	623,994
Pension costs	20,674	16,168
Other social security costs	4,464	3,164
Other staff costs	62,951	6,932
<b>Total</b>	<b>583,920</b>	<b>650,258</b>
<b>Average number of employees</b>	<b>397</b>	<b>347</b>

## 6 Financial income

Amounts in tDKK	2023	2022
Interest income from group enterprises	214,787	4,118
Interest income from associates	224	218
Exchange rate adjustments	17,834	0
Other interest income	55,394	10,316
<b>Total</b>	<b>288,239</b>	<b>14,652</b>

# Notes

## 7 Financial expenses

Amounts in tDKK	2023	2022
Interest expenses from group enterprises	51	1,977
Guarantee provision	1,986	1,879
Exchange rate adjustments	0	20,760
Interest expenses*	102,877	55,294
<b>Total</b>	<b>104,914</b>	<b>79,910</b>

\* Total interest expense calculated using the effective interest method for financial liabilities that are measured at amortised cost.

## 8 Tax on profit from ordinary activities

Amounts in tDKK	2023	2022
Tax on current year taxable income	733,572	1,009,633
Correction to current tax, previous years	37,992	-44,537
Correction to deferred tax, previous years	-1,869	1,360
<b>Total</b>	<b>769,695</b>	<b>966,456</b>

Deferred tax is computed at 22% and is broken down as follows:

Intangible assets	-15,959	-18,281
Plant and equipment	3,816	4,269
Current assets	4,951	4,951
<b>Total provision for deferred tax, closing balance</b>	<b>-7,192</b>	<b>-9,061</b>
Total provision for deferred tax, opening balance	-9,061	-7,701
<b>Provision for deferred tax for the year</b>	<b>-1,869</b>	<b>1,360</b>

### Effective tax rate

Profit for the year before tax	4,392,115	4,588,120
Calculated tax (22 %)	966,265	1,009,386
Tax value of non-deductible costs and non-taxable income	-232,693	247
Correction to current tax, previous years	37,992	-44,537
Correction to deferred tax, previous years	-1,869	1,360
<b>Tax on profit</b>	<b>769,695</b>	<b>966,456</b>

<b>Effective tax percentage</b>	<b>17.5%</b>	<b>21.1%</b>
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# Notes

## 9 Intangible assets

Amounts in tDKK	2023	2022
<b>Development projects</b>		
Cost price as of 01.01.2023	245,637	217,967
Transfers during the year	6,987	27,670
Disposals during the year	-4,315	0
<b>Cost price as of 31.12.2023</b>	<b>248,309</b>	<b>245,637</b>
Amortisations as of 01.01.2023	183,842	158,653
Amortisations during the year	22,255	25,189
Reversal of amortisations on disposals in the year	-3,834	0
<b>Amortisations as of 31.12.2023</b>	<b>202,263</b>	<b>183,842</b>
<b>Book value as of 31.12.2023</b>	<b>46,046</b>	<b>61,795</b>
<b>Development projects in progress</b>		
Cost price as of 01.01.2023	21,303	20,168
Additions during the year	20,380	28,805
Transfers during the year	-6,987	-27,670
<b>Cost price as of 31.12.2023</b>	<b>34,696</b>	<b>21,303</b>
<b>Book value as of 31.12.2023</b>	<b>34,696</b>	<b>21,303</b>
<b>Booked value intangible assets as of 31.12.2023</b>	<b>80,742</b>	<b>83,098</b>

Development projects consists of own developed software. The software is supporting the Asset Management business as well as the Trading business.

# Notes

## 10 Tangible assets

Amounts in tDKK

	2023	2022
<b>Land and buildings</b>		
Cost price as of 01.01.2023	129,027	128,039
Transfers during the year	666	988
<b>Cost price as of 31.12.2023</b>	<b>129,693</b>	<b>129,027</b>
Depreciation as of 01.01.2023	17,356	13,564
Depreciation during the year	3,907	3,792
<b>Depreciation as of 31.12.2023</b>	<b>21,263</b>	<b>17,356</b>
<b>Book value as of 31.12.2023</b>	<b>108,430</b>	<b>111,671</b>
<b>Plant and equipment</b>		
Cost price as of 01.01.2023	29,966	28,341
Transfers during the year	5,084	1,625
<b>Cost price as of 31.12.2023</b>	<b>35,050</b>	<b>29,966</b>
Depreciation as of 01.01.2023	23,243	20,293
Depreciation during the year	2,749	2,950
<b>Depreciation as of 31.12.2023</b>	<b>25,992</b>	<b>23,243</b>
<b>Book value as of 31.12.2023</b>	<b>9,058</b>	<b>6,723</b>
<b>Leasehold improvements</b>		
Cost price as of 01.01.2023	0	0
Transfers during the year	725	0
<b>Cost price as of 31.12.2023</b>	<b>725</b>	<b>0</b>
Depreciation as of 01.01.2023	0	0
Depreciation during the year	6	0
<b>Depreciation as of 31.12.2023</b>	<b>6</b>	<b>0</b>
<b>Book value as of 31.12.2023</b>	<b>719</b>	<b>0</b>
<b>Plant and equipment in progress</b>		
Cost price as of 01.01.2023	0	728
Additions during the year	6,478	1,884
Transfers during the year	-6,474	-2,612
<b>Cost price as of 31.12.2023</b>	<b>4</b>	<b>0</b>
<b>Book value as of 31.12.2023</b>	<b>4</b>	<b>0</b>
<b>Booked value tangible assets as of 31.12.2023</b>	<b>118,211</b>	<b>118,394</b>

## Notes

### 11 Investments accounted for using the cost price method

Amounts in tDKK	2023	2022
<b>Investment in group enterprises</b>		
Cost price as of 01.01.2023	11,135	11,135
Additions during the year	778,883	0
<b>Cost price as of 31.12.2023</b>	<b>790,018</b>	<b>11,135</b>
<b>Book value as of 31.12.2023</b>	<b>790,018</b>	<b>11,135</b>

### 12 Inventories

Refer to note 12 Inventories to the consolidated financial statements.

### 13 Distribution of profit for the year

Amounts in tDKK	2023	2022
<b>Proposed distribution of profit:</b>		
Extraordinary dividend payment	3,000,000	0
Retained earnings	623,236	3,622,692
<b>Total</b>	<b>3,623,236</b>	<b>3,622,692</b>

### 14 Other payables (non-current)

Refer to note 13 Other payables (non-current) to the consolidated financial statements.

### 15 Onerous contract provisions

Amounts in tDKK	2023	2022
Onerous contract provisions as of 01.01.2023	0	0
Additional onerous contract provisions in the year	174,878	0
<b>Onerous contract provisions as of 31.12.2023</b>	<b>174,878</b>	<b>0</b>

Centrica Energy Trading A/S holds an onerous contract provision of 174,878 tDKK at year-end relating to the expected loss from green certificates forward sold to prices below the forward prices at 2023 year-end.

### 16 Other provisions

Refer to note 15 Other provisions to the consolidated financial statements.

# Notes

## 17 Commitments, lease obligations and guarantees

### (a) Commitments and lease obligations

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.

Amounts in tDKK	2023	2022
Commitments in relation to leases	55,547	15,205
Commodity purchase contracts	14,449,334	31,302,379
Transportation capacity	977,650	1,320,142
<b>Total</b>	<b>15,482,531</b>	<b>32,637,726</b>

The maturity analysis for commitments and leases at 31 December is given below:

Amounts in tDKK	2023	2022
Within 1 year	9,416,844	21,262,794
1-2 years	2,862,222	3,650,941
2-3 years	796,417	2,339,583
3-4 years	520,989	1,108,334
4-5 years	513,207	864,153
After 5 years	1,372,852	3,411,921
<b>Total</b>	<b>15,482,531</b>	<b>32,637,726</b>

### (b) Guarantees

Amounts in tDKK	2023	2022
The Company's banks have provided guarantees in relation to contractual obligations at the balance sheet date amounted to	1,356,538	1,212,432

### (c) Contingent liabilities

Centrica Energy Trading A/S is the management company of a Danish joint taxation. The company is therefore liable in accordance with the rules of the Corporation Tax Act for income taxes etc. for the jointly taxed companies and also for any obligations to withhold tax on interest, royalties and dividends for these companies.

The subsidiary Centrica Energy Trading GmbH has opted to apply a local reporting exemption. Centrica Energy Trading A/S guarantees for the 2024 financial year for any commitments entered into by Centrica Energy Trading GmbH.

# Notes

## 18 Financial assets and liabilities by category

The table below shows Centrica Energy Trading A/S's financial instruments in the balance sheet divided into main categories. The categories indicate how the financial instruments are measured in the financial statements.

Amounts in tDKK	2023	2022
Derivative financial instruments*	3.382.864	7,939,582
<b>Financial assets measured at fair value through profit/loss</b>	<b>3.382.864</b>	<b>7,939,582</b>
Trade receivables	2.742.440	4,421,449
Deposits related to trading	1.029.255	2,078,434
Receivables from group enterprises	3.838.150	2,429,558
Cash and cash equivalents	1.349.905	3,241,638
<b>Financial assets measured at amortised cost</b>	<b>8.959.750</b>	<b>12,171,079</b>
Derivative financial instruments*	3.090.553	7,695,587
<b>Financial liabilities measured at fair value through profit/loss</b>	<b>3.090.553</b>	<b>7,695,587</b>
Trade payables	2.819.810	4,787,018
Deposits related to trading	341.790	3,162,595
Debt to group enterprises	1.184.041	468,700
<b>Financial liabilities measured at amortised cost</b>	<b>4.345.641</b>	<b>8,418,313</b>

\* Derivatives financial instruments include both physical and financial contracts. Physical contracts included are considered to meet the conditions for fair value option in IFRS and treated as derivatives.

## 19 Financial risk management

The Company's financial risk management are consistent with those of the Group and are described in note 18 Financial risk management to the Group consolidated Financial Statements.

### Market risk management

The Company's market risk management are consistent with those of the Group and are described in note 18 Market risk management to the Group consolidated Financial Statements.

### Liquidity risk management

The Company's liquidity risk management are consistent with those of the Group and are described in note 18 Liquidity risk management to the Group consolidated Financial Statements.

# Notes

## 19 Financial risk management (continued)

Maturities of trade payables, Group payables and derivative financial instruments are provided in the following tables:

2023

Amounts in tDKK	Ultimo 2023	2024	2025	2026	After 2026
Trade payables	2,819,810	2,819,810	0	0	0
Deposits related to trading	341,790	341,790	0	0	0
Debt to Group enterprises	1,184,041	1,184,041	0	0	0
Derivative financial instruments	3,090,553	1,757,165	510,293	162,869	660,226*
<b>Total</b>	<b>7,436,194</b>	<b>6,102,806</b>	<b>510,293</b>	<b>162,869</b>	<b>660,226</b>

\* Concerns large PPA's with maturity extending to year 2033.

2022

Amounts in tDKK	Ultimo 2022	2023	2024	2025	After 2025
Trade payables	4,787,018	4,787,018	0	0	0
Deposits related to trading	3,162,595	3,162,595	0	0	0
Debt to Group enterprises	468,700	468,700	0	0	0
Derivative financial instruments	7,695,587	5,148,555	747,684	401,388	1,397,960*
<b>Total</b>	<b>16,113,900</b>	<b>13,566,868</b>	<b>747,684</b>	<b>401,388</b>	<b>1,397,960</b>

\* Concerns large PPA's with maturity extending to year 2033.

The table above shows the contractual cash outflows on contracts held. As part of Centrica Energy Trading A/S's market risk management, the contracts are to a large extent hedged, with opposite contracts from which expected inflows of cash are expected. The table below shows the undiscounted contractual cash flows on asset derivative financial instruments, trade receivables and Group receivables presented in similar maturity buckets:

2023

Amounts in tDKK	Ultimo 2023	2024	2025	2026	After 2026
Trade receivables	2,742,440	2,742,440	0	0	0
Receivables from Group enterprises	3,838,150	3,838,150	0	0	0
Deposits related to trading	1,029,255	1,029,255	0	0	0
Derivative financial instruments	3,382,864	2,298,664	647,677	104,375	332,148*
<b>Total</b>	<b>10,992,709</b>	<b>9,908,509</b>	<b>647,677</b>	<b>104,375</b>	<b>332,148</b>

\* Concerns large PPA's with maturity extending to year 2044.

2022

Amounts in tDKK	Ultimo 2022	2023	2024	2025	After 2025
Trade receivables	4,421,449	4,421,449	0	0	0
Receivables from Group enterprises	2,429,558	2,429,558	0	0	0
Deposits related to trading	2,078,434	2,078,434	0	0	0
Derivative financial instruments	7,939,582	5,939,160	783,726	208,788	1,007,908*
<b>Total</b>	<b>16,869,023</b>	<b>14,868,601</b>	<b>783,726</b>	<b>208,788</b>	<b>1,007,908</b>

\* Concerns large PPA's with maturity extending to year 2044.

### Credit risk management

The Company's credit risk management are consistent with those of the Group and are described in note 18 Credit risk management to the Group consolidated financial statements.

# Notes

## 19 Financial risk management (continued)

The table below shows the credit quality of the Company's counterparties.

2023

Amounts in tDKK

	Trade receivables	Derivative financial instruments	Total
<b>The credit quality of the Company's counterparties</b>			
Minimal risk (Rated A)	926,809	478,769	<b>1,405,578</b>
Low risk (Rated B)	1,696,275	2,770,451	<b>4,466,726</b>
High risk (Rated C)	119,356	133,644	<b>253,000</b>
<b>Total</b>	<b>2,742,440</b>	<b>3,382,864</b>	<b>6,125,304</b>

2022

Amounts in tDKK

	Trade receivables	Derivative financial instruments	Total
<b>The credit quality of the Company's counterparties</b>			
Minimal risk (Rated A)	1,423,978	1,506,833	<b>2,930,811</b>
Low risk (Rated B)	2,827,093	5,883,114	<b>8,710,207</b>
High risk (Rated C)	170,378	549,635	<b>720,013</b>
<b>Total</b>	<b>4,421,449</b>	<b>7,939,582</b>	<b>12,361,031</b>

# Notes

## 19 Financial risk management (continued)

The table below shows the financial assets and liabilities that are subject to offsetting.

2023

Amounts in tDKK	Gross amounts of recognised financial asset/liability	Gross amounts offset in the Company Balance Sheet	Net amounts presented in the Company Balance Sheet	Related amounts not set off in the Company balance sheet	
				Collateral	Net amount
<b>Offsetting of financial assets</b>					
Trade receivables	9,865,720	7,123,280	2,742,440	116,235	2,626,205
Receivables from group enterprises, current portion	9,668,745	5,830,595	3,838,150	0	3,838,150
Derivative financial instruments	16,839,097	13,456,233	3,382,864	225,567	3,157,297
<b>Total</b>	<b>36,373,562</b>	<b>26,410,108</b>	<b>9,963,454</b>	<b>341,802</b>	<b>9,621,652</b>
<b>Offsetting of financial liabilities</b>					
Trade payables	9,943,090	7,123,280	2,819,810	7,820	2,811,990
Payables to group enterprises	7,014,636	5,830,595	1,184,041	0	1,184,041
Derivative financial instruments	16,546,786	13,456,233	3,090,553	9,508	3,081,045
<b>Total</b>	<b>33,504,512</b>	<b>26,410,108</b>	<b>7,094,404</b>	<b>17,328</b>	<b>7,077,076</b>

2022

Amounts in tDKK	Gross amounts of recognised financial asset/liability	Gross amounts offset in the Company Balance Sheet	Net amounts presented in the Company Balance Sheet	Related amounts not set off in the Company balance sheet	
				Collateral	Net amount
<b>Offsetting of financial assets</b>					
Trade receivables	16,579,446	12,157,997	4,421,449	406,065	4,015,384
Receivables from group enterprises, current portion	21,272,313	18,842,755	2,429,558	0	2,429,558
Derivative financial instruments	65,405,974	57,466,392	7,939,582	2,067,117	5,872,465
<b>Total</b>	<b>103,257,733</b>	<b>88,467,144</b>	<b>14,790,589</b>	<b>2,473,182</b>	<b>12,317,407</b>
<b>Offsetting of financial liabilities</b>					
Trade payables	16,945,015	12,157,997	4,787,018	63,976	4,723,042
Payables to group enterprises	19,311,455	18,842,755	468,700	0	468,700
Derivative financial instruments	65,161,979	57,466,392	7,695,587	383,701	7,311,886
<b>Total</b>	<b>101,418,449</b>	<b>88,467,144</b>	<b>12,951,305</b>	<b>447,677</b>	<b>12,503,628</b>

# Notes

## 19 Financial risk management (continued)

### Capital risk management

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

Amounts in tDKK	2023	2022
Debt	5,631,320	9,931,156
Cash and cash equivalents	1,349,905	3,241,638
<b>Net debt</b>	<b>4,281,415</b>	<b>6,689,518</b>
<b>Equity</b>	<b>6,033,754</b>	<b>5,411,334</b>
<b>Net debt to equity ratio (%)</b>	<b>71%</b>	<b>124%</b>

Debt levels are restricted to maintain a strong credit profile. The Company's credit standing is important to maintain limit collateral requirements in energy trading and hedging, and to ensure the Company is an attractive counterparty to energy producers and long-term customers.

## 20 Fair value of financial instruments

Reference is made to note 19 Fair value instruments to the consolidated financial statement.

# Notes

## 21 Related party transactions

During the year the Company entered into the following arm's length transactions with related parties:

Amounts in tDKK	2023	2022
Transactions with related parties		
Sales of goods and services to group enterprises*	6,893,621	3,997,231
Sales of goods and services to subsidiaries*	194,578	49,555
Purchases of goods and services from group enterprises*	2,475,024	6,062,986
Purchases of goods and services from subsidiaries*	3,766,373	8,242,683
Purchases of goods and services from parent companies*	78,046	44,284
Financial income from parent companies	210,169	4,118
Financial income from group enterprises	4,618	0
Financial income from associates	224	218
Financial expenses to subsidiaries	51	1,977
Related party balances		
Receivables from parent companies**	1,876,545	309,221
Receivables from group enterprises*	1,961,605	2,120,337
Receivables from associates	3,882	5,425
Payables to parent companies**	15,444	4,084
Payables to group enterprises*	486,832	38,752
Payables to subsidiaries	681,765	425,864

\* Sales to and purchases from group parties, including receivables and payables in this regard, is mainly carried out on EFET terms. Figures presented include trading income presented net across all counterparties in the income statement. Figures reported above for trading income, are net by related party.

\*\* Receivables from parent companies mainly relates to distribution of surplus liquidity in the Centrica Group.

### Key management remuneration

Reference is made to note 20 Related party transactions in the consolidated financial statement.

### Remuneration of key management personal

Reference is made to note 20 Related party transactions in the consolidated financial statement.

### Remuneration of board of directors

Reference is made to note 20 Related party transactions in the consolidated financial statement.

### Share savings programme

Reference is made to note 20 Related party transactions in the consolidated financial statement.

## Notes

### 22 Auditors' remuneration

Amounts in tDKK	2023	2022
Statutory audit	1,976	660
Other services	18	290
<b>Total</b>	<b>1,994</b>	<b>950</b>

### 23 Related undertakings

Reference is made to note 22 Related undertakings to the consolidated financial statement.

