CVR no. 20 29 31 95

# Annual Report 2022

centrica
Energy Trading

# WE ARE ENERGY MOVERS BY NATURE

**Energy is always moving. So are we.**

We are hundreds of passionate energy movers working day & night using cutting-edge software to minimise risks, optimise upsides, and execute physical trades minutes before delivery. We are constantly optimising our skillsets & technologies to balance the increasing complexity of renewable energy production and adding fresh, diverse talent with new ideas to keep ahead of the energy curve.

**Truth is,**
**Energy is everything to us.**

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**Read about our Strategy**
We grew the volume of renewable PPAs by 151% year-on-year, reaching 201 physical and financial PPAs.


**Read about our People**
Our work culture was recognized with the international certification as a 'Great Place to Work'.

# The Big Picture

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The Big Picture

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# The Big Picture

Centrica Energy Trading is a renewable energy trading company operating out of eight offices across all time zones to move energy from source to use. Our mission is to drive the green transition while offering sustainable and predictable energy costs for suppliers and offtakers. In short, we call ourselves energy movers by nature.

| | |
|---|---|
| **16.5GW** | Power Assets |
| **27** | Trading Markets |
| **6.6M** | Trades |
| **432** | Total Headcount incl. Students |
| **7** | Locations |

**Mandeep Bamal**
Director of Trading, Analytics and Algorithms

**Kristian Gjerløv-Juel**
Director, Renewable Energy Trading & Optimisation

LETTER FROM OUR CEO & SENIOR MANAGEMENT

# A year that redefined complexity and volatility in energy markets

For 25 years we've been serving energy markets as they evolve, and today we're one of only a few major actors in the energy trading business which both manages renewable assets and executes energy trading at large scales simultaneously.

**Cassim Mangerah**
Chief Executive Officer

During 2022, uncertainty around energy supplies and our continued dependency on fossil fuels drove and defined prices on energy markets - with profound impacts on both families and businesses across the world.

We're proud of what we've managed to achieve over the last year to stabilise the market. Through our renewable Power Purchase Agreements (PPA) we delivered new and affordable green power; we used our abilities within biomethane trading to help substitute Russian gas; our gas trading and asset optimisation team supported delivery of European gas storage requirements; we used our cross-border trading capabilities to secure energy imports, increasing competition in markets and lowering consumer prices; and our energy procurement solutions for corporates helped manage risk in volatile markets and secure long-term stable energy costs.

Year-after-year we've reinvested the earnings generated by our business with the support of our strong parent group, continuously delivering growth and new capabilities that's built on a foundation of long-standing experience in energy markets. Holding a versatile and diversified portfolio of third-party renewable and flexible assets alongside advanced trading capabilities, we've consciously positioned ourselves as a stable and specialised partner in energy markets, focused on building a more future-fit and dynamic business that's ready and able to deliver as a change agent for the green energy transition.

Extreme volatility in markets underlined the importance of Centrica group to our operations, and the importance of our operations to the Centrica group. We're an intrical part of the Group, delivering energy to cover customer needs and make up any shortfalls. On the other hand, the Groups strong balance sheet and top-level credit rating allows us to provide liquidity to energy markets and manage risk in high-price scenarios.

Our performance this year has demonstrated our ability to execute on our strategic priorities whilst effectively managing market volatility. Taking major strides in our management of key emerging energy technologies, we expanded our third-party asset portfolio to include large-scale battery energy storage systems and our first large-scale electrolyser offtake agreement in the Nordics. Our Gas Trading teams also expanded operations to the Baltic and Slovenian markets, and we made significant progress on digitalisation and cloud infrastructure integration, developing new algos and machine learning models, and migrating a considerable part of our on-site application landscape to the cloud.

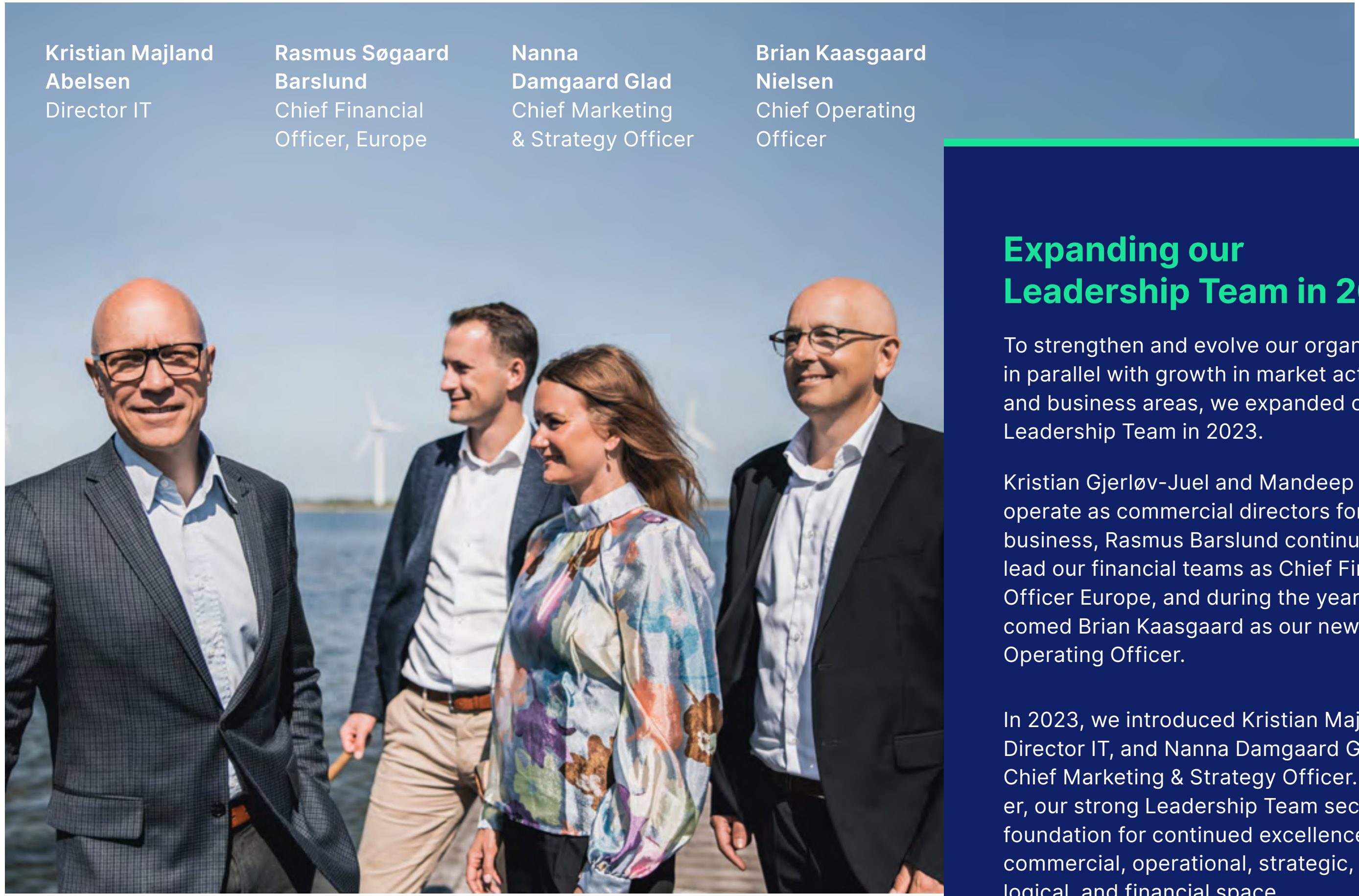
Despite immense challenges and widespread uncertainty across the energy sector in 2022, our people delivered fantastic performance across all teams. Consistently rising to meet new challenges, and delivering solutions in rapidly shifting market conditions. Our focus on people development and engagement proved the constant this year. We are very proud to have achieved the Great Place to Work® certification in 2022, alongside our nomination for the Best Workplace in Denmark for Women® award.

Delivering on our unwavering commitment to reaching Net Zero and eliminating the carbon footprint of our business, we sourced the entirety of our consumption from renewables, accelerated the transition of our company fleet to electric vehicles, implemented measures to reduce waste and introduced energy saving and efficiency measures. Coupled with our activities in renewable energy trading and PPAs, and work in the research and development domain, we continued to deliver on our ambitious sustainability goals throughout 2022.

Ensuring a future-fit framework for controls and compliance we continued to invest in our legal, regulatory, and ethics and compliance setup to support and accommodate growth in the scale of our operations. As a critical actor operating in a critical sector, we're aware of our responsibility for constantly complying with regulations whilst managing threats and vulnerabilities, and during the year we continued making significant investments in people and infrastructure across these domains.

Concluding 2022 our business is stronger than ever, delivering solid results across the board with trading income and revenue reaching DKK 35.7 billion and a profit-before-tax of DKK 5.8 billion. Our focus on renewable energy, entering new markets, and upscaling our operations has enabled our competitive edge while contributing to a greener and more sustainable future.

The strong financial results of our business, ongoing investments in renewable energy, and our commitment to net zero leaves no doubt that we're well-positioned for continued growth and success in the years to come.




## Expanding our Leadership Team in 2023

To strengthen and evolve our organisation in parallel with growth in market activities and business areas, we expanded our Leadership Team in 2023.

Kristian Gjerløv-Juel and Mandeep Bamal operate as commercial directors for our business, Rasmus Barslund continues to lead our financial teams as Chief Financial Officer Europe, and during the year we welcomed Brian Kaasgaard as our new Chief Operating Officer.

In 2023, we introduced Kristian Majland as Director IT, and Nanna Damgaard Glad as Chief Marketing & Strategy Officer. Together, our strong Leadership Team secures the foundation for continued excellence in our commercial, operational, strategic, technological, and financial space.

GROUP

# Financial Performance Highlights

*We're proud of the significant contributions our people and organisation have made to help stabilise energy markets in 2022. Our strong performance provides a solid foundation for future growth, playing our part in the green energy transition, and delivering significant value to society and shareholders.*

**Cassim Mangerah**
Chief Executive Officer

Financial Review
READ MORE

| Trading income and revenue, million DKK | EBITDA*, million DKK | EBIT**, million DKK | Profit before tax, million DKK |
|---|---|---|---|
| **35,702.0** | **5,917.4** | **5,885.5** | **5,831.9** |
| 14,236.2 in 2021 | 552.1 in 2021 | 522.6 in 2021 | 626.2 in 2021 |
| **Profit for the year, million DKK** | **Equity, million DKK** | **Equity ratio** | **Average number of employees** |
| **4,655.8** | **6,659.4** | **27.2%** | **361** |
| 490.2 in 2021 | 1,982.1 in 2021 | 11.0% in 2021 | 325 in 2021 |

* Profit before amortisation and depreciation
** Operating profit

GROUP

# Five-Year Financial Summary

| Amounts in tDKK | 2022 | 2021 | 2020* | 2019* | 2018* |
|---|---|---|---|---|---|
| **Financial highlights** | | | | | |
| **Income statement** | | | | | |
| Trading income and revenue | 35,702,027 | 14,236,241 | 65,008,412 | 77,826,081 | 69,259,259 |
| Profit before amortisation and depreciation | 5,917,411 | 552,126 | 298,727 | 197,202 | 213,597 |
| Operating profit | 5,885,478 | 522,560 | 268,520 | 168,390 | 190,640 |
| Results from net financials | -53,614 | 103,654 | 44,035 | 88,855 | 5,521 |
| Profit before tax | 5,831,864 | 626,214 | 312,555 | 257,245 | 196,161 |
| Profit for the year | 4,655,785 | 490,232 | 246,859 | 214,361 | 150,376 |
| **Balance sheet** | | | | | |
| Assets | 24,455,372 | 17,964,132 | 4,258,949 | 4,379,284 | 4,226,932 |
| Investment in development projects | 28,805 | 20,765 | 19,882 | 34,314 | 31,636 |
| Investment in property, plant and equipment | 1,885 | 1,480 | 2,407 | 25,852 | 93,137 |
| Cash and cash equivalents | 3,340,236 | 990,004 | 537,488 | 275,467 | 310,046 |
| Share capital | 123,507 | 123,507 | 123,507 | 123,507 | 123,507 |
| Equity | 6,659,421 | 1,982,100 | 1,322,518 | 1,081,164 | 865,352 |
| Current liabilities | 15,219,463 | 15,140,938 | 2,762,846 | 3,146,798 | 3,137,089 |

| Amounts in tDKK | 2022 | 2021 | 2020* | 2019* | 2018* |
|---|---|---|---|---|---|
| **Cash flow** | | | | | |
| **Net cash flow from:** | | | | | |
| Operating activities | 5,226,556 | -1,575,751 | 279,478 | 15,035 | 310,757 |
| Investment activities | -30,690 | -22,245 | -25,446 | -49,614 | -124,753 |
| Financing activities | -2,867,170 | 2,067,129 | -855,770 | -233,790 | 792,637 |
| Net foreign exchange difference | 21,536 | 6,843 | -5,509 | 0 | 0 |
| Cash flow for the year | 2,350,232 | 475,976 | -607,247 | -268,369 | 978,641 |

| % | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| **Financial ratios** | | | | | |
| **Profitability** | | | | | |
| Return on equity | 107.8% | 29.7% | 20.5% | 22.0% | 19.0% |
| Profit margin | 16.5% | 3.7% | 0.4% | 0.2% | 0.3% |
| **Solvency ratio** | | | | | |
| Equity ratio | 27.2% | 11.0% | 31.1% | 24.7% | 20.5% |

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

a) 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 2018 to 2020 have not been adapted to reflect changes in accounting principles from Danish GAAP to IFRS. For further description refer to note 4.

b) 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 2018 to 2020 have not been adapted to reflect this change in accounting principles.

c) 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 2018 and 2019 only include the parent company, whereas 2020 to 2022 represent consolidated group figures and ratios.

Financial Statements
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# Our Business

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# Our Business Model

**Centrica Energy Trading A/S (CET) is part of Centrica plc's Energy Marketing & Trading business unit.** We trade power, gas and energy attributes, and connect independent producers, suppliers and corporate offtakers in the wholesale energy markets.

Based on extensive experience in liberalised Nordic and UK markets, we've built and matured a successful energy trading business operating within two principal domains: Renewable Energy Trading & Optimisation and Power & Gas Trading.

Our Renewable Energy Trading & Optimisation domain services independent power producers, flexible asset owners alongside suppliers and large corporate consumers in wholesale energy markets, providing market leading route-to-market services, dispatching, risk management and energy optimisation solutions supported by proprietary, sophisticated software and automated solutions.

Leveraging advanced quantitative forecasting models, in-house meteorologists, and our state-of-the-art trading setup, we efficiently balance and optimise the variable production output from renewable energy sources until moments before delivery. Furthermore, the domain includes trading and management energy attributes, covering guarantees of origin and emission reductions.

Our Power & Gas Trading trading setup centers 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.

Using our extensive quantitative and automated data platform, analytical setup, and market presence across Europe, we capture opportunities and efficiently move energy across grids and borders to the markets and hubs, where it is needed the most, with full transparency and tracability. Taking a pan-European position, we challenge established markets and brings liquidity, efficiency, and transparency to wholesale energy markets.

# Renewable Energy Trading & Optimisation

The energy landscape is transitioning — with a projected 4.9T EUR[1] of sustainable investments needed by 2050 to transform the European energy grid to be powered entirely by renewables. We've spent the last fifteen years building and perfecting the commercial engine needed to accelerate the green transition and deliver on the net zero agenda.

When European leaders congress in the political institutions of Brussels, discussions no longer revolve around whether renewables will power the future. Rather, the question has become how to deliver the right combination of policy, regulatory framework, and incentives to enable the rapid and large-scale renewable buildout.

Electrification is positioned to be a key driver of decarbonisation in the building, transport, and industry sectors, where the degree of direct electrification has reached 22% but must accelerate to at least 60% by 2050 to hit net zero. Meeting that rising demand for power is estimated to require at least 4200TWh of additional electricity production by 2050[2], underlining the need for enormous volumes of green electricity that's financed, developed, and made operational at a previously unseen scale and pace.

Electrification alone, however, cannot yet transform the European economy to net zero and later negative emissions. There remains sectors and processes, such as aviation and high heat industrial processes, where electricity, at least for the foreseeable future, remains an unviable energy vector. Efforts to eliminate emissions from these sectors have accelerated dramatically in recent years, centred around development of green gasses and electrofuels synthesised through Power-to-X (PtX) processes. As market penetration of these technologies continues to evolve, the supply of electricity to accommodate hydrogen production becomes more critical, with an estimated 600 - 1200TWh of increased electricity generation required by 2050[2].

Reliant on climate-related factors including sunlight and wind speed, our growing dependency on renewables forces us to rethink how we balance production and consumption in the energy system. That's where low-carbon dispatchable generation in the form of green gasses and large-scale battery energy storage systems are becoming key, allowing us to rapidly adapt production and consumption to ensure balancing and security of supply in the power grid.

Over the last fifteen years we've been perfecting the capabilities needed to accelerate the renewable build-out and enable the fully renewable power grid. We're ready to deliver on the substantial demand for clean, affordable, and reliable energy, and having designed our business to deliver across the entire energy marketing and trading value chain, we find ourselves positioned to meet demand from global trends at a critical juncture in the energy revolution.

1 Bloomberg NEF (2022).
2 Eurelectric (2018)

# Our Renewable Energy Trading & Optimisation Business

## 01

**Accelerates the renewable energy buildout to meet increased power** demands from electrification and production of hydrogen and electrofuels.

## 02

**Accelerates market penetration and optimises electrolysers** and energy storage assets to support commercially attractive terms and decarbonise hard-to-abate sectors.

## 03

**Balances renewable production and consumption with low-carbon dispatchable technologies** to enable the fully renewable power grid with the highest possible security of supply.

RENEWABLE ENERGY TRADING & OPTIMISATION

# Power Purchase Agreements

At the heart of our Renewable Energy Trading & Optimisation business lie our renewable Power Purchase Agreements (PPAs) that deliver on three primary pillars strengthening European energy markets: **renewable capacity building, long-term contracts for price hedging, and physical energy delivery.**

The volume and scale of renewable PPAs is on the rise across all European markets. Over the last five years at least 36.8GW of contracted PPA capacity has been disclosed in European markets, and in the same period annual contracted capacity through PPAs grew 145%[3].

We're determined to keep building on that momentum, providing sector leading PPAs that serve as a critical enabler of the market-driven renewable energy transition. During 2022 we delivered 201 physical and/or financial wind or solar PPAs, enabling investors and businesses to contribute with the sustainable investments required to transform the European energy system to net zero.

Delivering on the growth potential in the PPA market means we're focused on constantly developing and refining sophisticated solutions to meet evolving demands for risk management, temporal matching, and multi-asset structures - allowing us to better support our partners and customers. Simultaneously we're delivering on our strategic agenda of establishing operations in new asset markets and geographies, whilst evolving our capabilities to successfully manage emerging yet proven energy technologies.

With a diversified portfolio of renewable assets that continues to grow, we hold one of Europe's largest third-party renewable power portfolios. Counting 16.5GW total capacity, including 12.55GW solar and wind energy alongside 3.96GW of flexible assets, our portfolio counts generation equivalent to the power consumption of approximately 9.5 million European homes.

3 Pexapark (2023).

## Providing long-term financial security and guaranteed returns for investors, we help unlock the capital needed to sustainably finance the green transition

When developers look to unlock the capital needed to finance new renewable assets, the business case presented will typically require a long-term agreement that details payback period to banking partners. Through securing developers with long-term fixed prices on their production, we're able to provide stable revenue forecasting for up to ten years – enabling the conditions necessary for financial institutions and third-party investors to grant loans to independent developers.

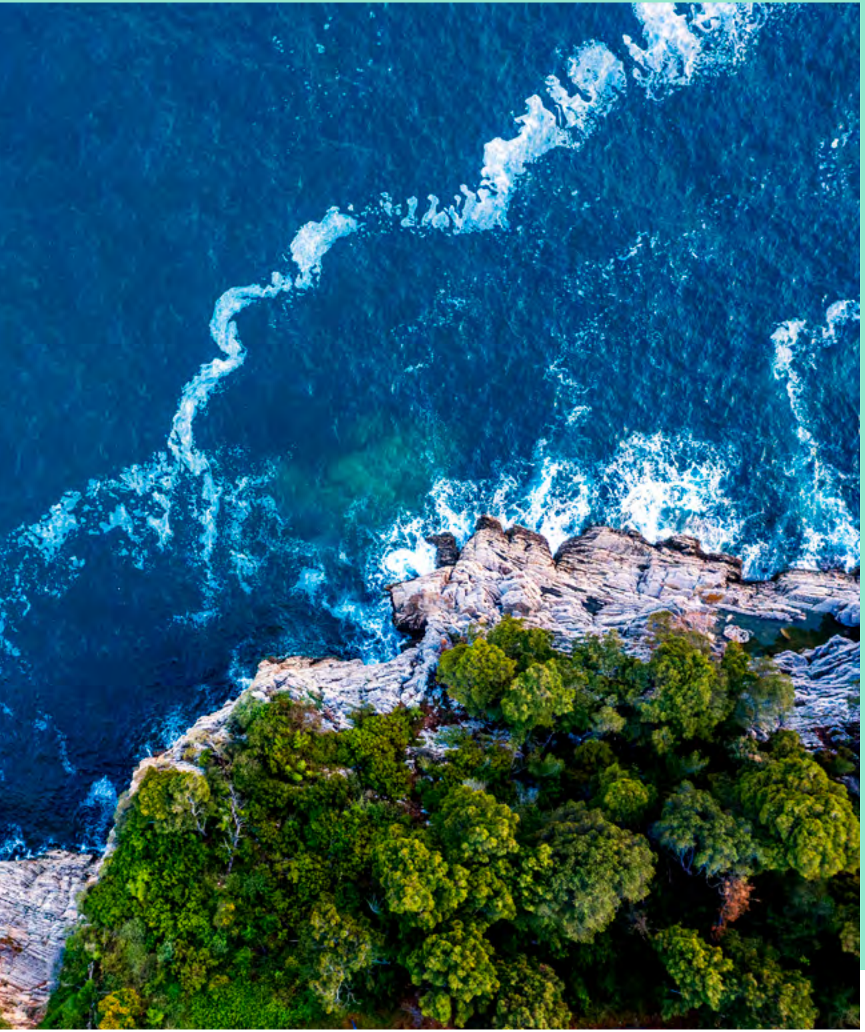
In exchange, we carry both the risks and rewards inherent to off taking and trading the power in wholesale electricity markets. Seeking to minimise risk exposure to price fluctuations in the market we hedge PPA volumes to the greatest extent possible, selling corresponding volumes in financial markets or directly to businesses through corporate offtake agreements. This means that earnings lock-in and are not impacted by subsequent developments in the electricity spot price.

The rapid development of renewable assets by independent power producers with limited or no power trading capabilities has created a surging demand for energy marketing and asset management capabilities. Once an asset becomes operational, we make sure it can be traded and balance the output in energy markets. Using our 24/7/365 operational platform for renewable energy trading, we aggregate physical power positions in our trading book and leverage our deep market expertise, digital platforms, and position as an established trader to maximise the value of renewable energy in the grid and wholesale energy markets.

Ultimately our role is to provide commercially attractive renewable PPAs that bring new renewable projects to fruition, whilst using our capabilities across the energy marketing and trading value chain and position as balancing-responsible-party to trade and optimise new renewable generation.

*Boosting Europe's supply of clean and affordable renewable power has never been more critical, and we're determined to keep developing and refining commercial value propositions that support delivery on this vital green energy agenda.*

**Kristina Herold Høgh**
Director, Origination and Contract Management



RENEWABLE ENERGY TRADING & OPTIMISATION

# Corporate Power Purchase Agreements

From 2018 to 2022 the annual contracted CPPA volume across Europe increased from 2.5GW to 7GW – a 180% increase in a trend that's only accelerating[3]

Corporates are demanding asset- and site-specific production with Guarantees of Origin that allows for matching of consumption with renewable production for the duration of the CPPA.

Since mid-2021 we've seen a rising number of corporate consumers curious as to the merits of CPPAs for their business and energy sourcing strategies. Strong upward price movements have triggered an influx of businesses looking not only to curtail their carbon emissions but also achieve greater long-term budget security and stability on their energy costs.

We're focused on delivering transparent and all-inclusive CPPAs from source to delivery, crafting consumption agreements to match the exact requirements and operational needs of corporate offtakers. Driven by the need for compliance with new standards and regulations alongside greater focus on sustainable business practices, we see temporal matching of renewable consumption with green energy attributes in shorter intervals growing in importance.

One example of these requirements is the EU's first Delegated Act on Renewable Hydrogen stating that hydrogen and electrofuels can only be considered renewable if "produced from additional renewable electricity generated at the same time and in the same area as their own production"[4].

In addition to greater need for temporal matching, corporates are seeking out multi-asset agreements in order to generate value from flexibility and energy storage. Rather than curtailing excess renewable power generation, on-site battery energy storage and hydrogen production can increase efficiency and income streams. Underlining this development, approximately 40% of new consumption PPAs in the UK included battery energy storage assets[4].

3 Pexapark (2023).
4 European Commission (2023).

*Power Purchase Agreements such as this are going to be essential to the growth of renewable energy in the UK and Europe, helping secure guaranteed returns for developers, and encouraging growth in the sector. They are also key to how large organisations like Vodafone decarbonise their operations. We're delighted to build on our longstanding relationship with Vodafone and support them on their net zero journey."*

**Chris O'Shea,**
Chief Executive Officer of Centrica plc

**CASE - RENEWABLE CORPORATE PPA**

# Powering Vodafone

During 2022 we signed two major corporate Power Purchase Agreements with Vodafone and MYTILENOS S.A., securing development of eight new solar farms in the UK with a total supply of 326GWh annually. Once fully constructed, generation from the solar farms will displace more than 80,000 tonnes of $CO_2e$, equivalent to taking approximately 47,000 cars off the road.

Under the agreements that span 10-years, Vodafone will purchase a significant proportion of the electricity output from the solar farms, whilst we're bringing the remainder to balancing and merchant power markets, increasing the supply of affordable renewable power to markets. The agreements allow Vodafone to effectively price hedge their energy supply, enabling price certainty and improving energy security, whilst achieving sustainability benefits from carbon savings reported against the Science Based Targets initiative.

Power Purchase Agreements are key to Vodafone's renewable energy procurement strategy, and by enabling these long-term agreements we've helped facilitate Vodafone's access to clean, high-quality, and affordable renewable electricity for the next ten years. The goal is, that by 2025 more than 44% of Vodafone UK's annual energy requirement will be sourced from renewables.

**326**
GWh of renewable electricity annually

**80,000**
tonnes of $CO_2e$ offset

RENEWABLE ENERGY TRADING & OPTIMISATION

# Optimisation & Flexibility

Fluctuating production in the fully renewable power grid forces us to rethink how we balance production and consumption. Taking a holistic and digital approach to tackling that new complexity, our mission is to accelerate the mainstream market penetration of emerging, yet proven, flexibility and storage technologies.

During 2022 we integrated our capabilities within renewable energy trading in short-term power markets with the aggregation and market optimisation capabilities acquired with Centrica Business Solutions' acquisition of Belgian ReStore in 2017. Integrating as a subsidiary to Centrica Energy Trading, the move has enabled creation of a powerful and unified market proposition.

Renewables are by their very nature fluctuating, which means that during periods with little or no power generation from solar or wind, our ability to react and activate dispatchable generation to support the balance between production and consumption in the power grid is critical for security of supply.

Helping strike that balance we've taken a holistic view of the energy system that's rooted in our in-house evolved digital foundation. Focused on managing low-carbon dispatchable generation capacities, such as large-scale battery storage systems and flexible electrolysers, our proprietary digital solutions are designed for management and cross-asset connectivity allowing us to continuously adapt to the shifting operational needs of the fully renewable power grid and bolster energy supply resilience through low-carbon assets.

**We're working to accelerate the scale, efficiency, and return-on-investment for owners of flexible assets and energy storage technologies**

Developments in storage technologies have increased investment appetite in the market, however, so far cost reductions have primarily been achieved through research and development in the absence of mainstream market penetration.

Over the last ten years battery cell costs have fallen from approximately 469 EUR/kWh to 112 EUR/kWh[5], whilst the capital expenditure requirements for polymer electrolyte membrane (PEM) electrolysis have fallen dramatically[6]. However, furthering these developments will require large-scale demonstration projects and collaboration across the entire energy sector value chain.

Battery energy storage capacity is expected to accelerate from the current 27GW to 411GW by 2030[5], with a significant part of the development taking place in markets where we have a strong presence including Denmark and the rest of Scandinavia.

Power-to-X projects at varying stages of maturity are appearing across the European landscape and we're supporting that development by continuing to evolve and apply our capabilities in the renewable energy trading and PPA domain.  Installation of electrolysers on a global level is expected to exceed 242GW by the end of 2030[5], a development that's critical for security of supply and achieving greater independence from imported energy resources, particularly as increased renewable penetration grows the need for flexible assets and optimisation capabilities.

5 Bloomberg NEF (2022).
6 International Energy Agency (2022).

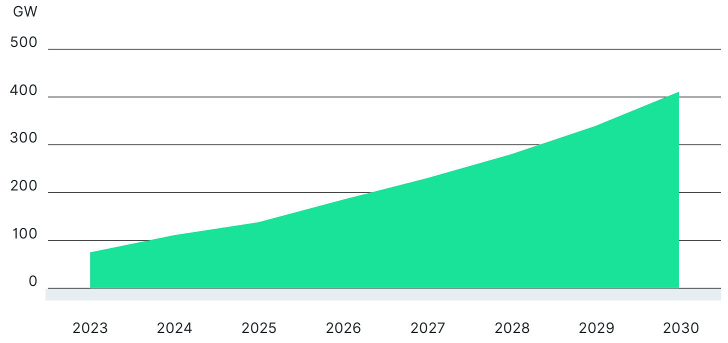
Delivering renewable power at the lowest possible cost and risk, we optimise delivery to match desired consumption profiles whilst making asset flexibility available to the grid. Increasing the supply of balancing services available to the market, we support overall market efficiency and the ability to generate the most reliable price and investment signals.

## Pushing the limits with dedicated digital investments, we're bridging technical and physical gaps to redefine how we integrate, optimise, store, and track renewable energy flows

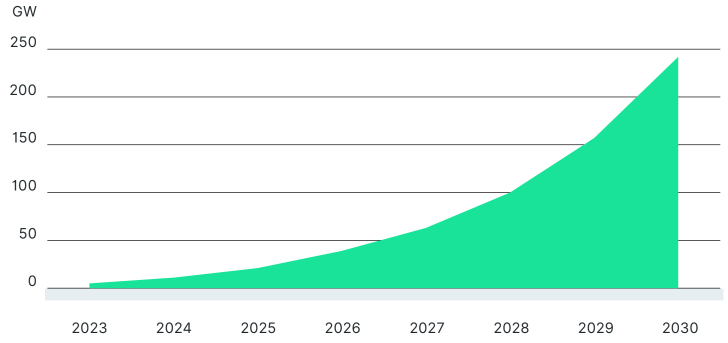
Technical characteristics of energy storage technologies mean they cannot be handled identically to other asset types in the market. Resultingly, the successful integration and optimisation of these assets in the power and gas grids requires bridging a technical and physical gap.

Seeking to bridge that gap, we've further developed our capabilities within our asset optimisation and flexibility domains, combining legacy competencies with dedicated strategic investments in people and digital development to deliver software solutions such as Centrica Direct™, our market leading in-house developed optimisation and flexibility solution.

### Installed Battery Capacity Forecast[5] to 2030




### Installed Electrolyser Capacity Forecast[5] to 2030



Now powered by the FlexPond engine, Direct™ provides market access, smart management and interconnectivity across assets, alongside 24/7/365 automated algorithmic trading and operational duty support. Beyond simplifying planning, optimisation, and execution of day-to-day activities for our partners and customers, Direct™ makes assets available in balancing markets, generating new revenue streams for owners, and helping optimise power generation costs.

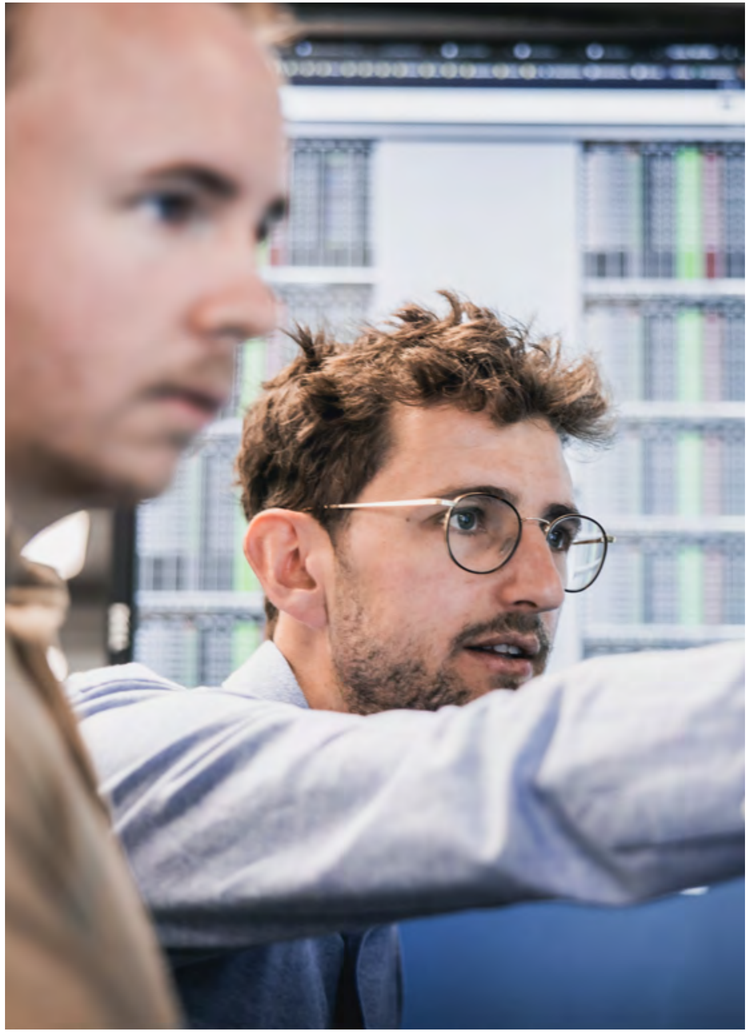
## Transitioning from centralised to decentralised energy production is driving demand for services capable of balancing, optimising and aggregating asset production and consumption

The energy landscape is shifting. Large, centralised power plants co-located with industrial and metropolitan consumption centres are being phased out and replaced by renewable assets, often developed with greater geographical spread and without corresponding locational demand. Simultaneously, growing volumes of intermittent generation are driving greater demand for grid balancing services, but meeting this growing demand is challenged by many smaller renewable assets being unable to participate in balancing markets because their generation profile varies too strongly, or total capacity is too small.

Helping solve that challenge, we aggregate smaller decentralised renewable assets such as wind turbines, photovoltaic cells and combined heat and power units into a Virtual Power Plant, which allows us to build a stable generation profile and aggregate total capacity to deliver a bid size that's compatible with requirements set in balancing markets. Today we operate one of the most advanced, cross-European virtual, renewable power plants. Through partaking in the platform, our partners and customers are able to generate new revenue streams whilst lowering grid buildout requirements and system costs, ultimately lowering consumer prices by lowering grid operator costs.

*Delivering on Europe's renewable ambitions requires successfully integrating and optimising massive amounts of green power without compromising grid stability. I'm proud to be part of Centrica's team working and delivering on this vital agenda.*

**Oscar De Somer**
Manager Power Trading



**CASE - OPTIMISATION & FLEXIBILITY**

# Battery Power for the Green Energy System

In 2022 our Optimisation teams secured a contract as route-to-market provider for three large-scale battery energy storage systems in the UK totalling 89MW. Developed by Masdar Arlington Energy with the backing of 4 Renewable Energy, the first site came online in early-2023 with the remainder commencing operations later in 2023.

Selected as route-to-market partner for the portfolio, we're handling the batteries in wholesale energy, balancing and reserve markets, constantly adapting the output in real-time to deliver cost-effective use of energy storage. This maximises green value for markets and the environmental impact of the assets, reducing the need for activation of costly fossil-fuelled generators and curtailing $CO_2$-emissions, whilst securing stable return-on-investment for the asset owner.

In recent years batteries have shifted from an emerging to a proven technology and incorporating large-scale battery assets in our portfolio represents an important milestone in our strategic agenda of marketing low-carbon solutions and optimising physical flows.

Helping deliver on this key commercial and strategic agenda, integration of the Belgian organisation and operations of Centrica Business Solutions with our Renewable Energy Trading & Optimisation domain has further evolved our grid-scale energy optimisation capabilities, whilst introducing new assets to our portfolio and expanding operations to new markets.

Going forward our leading Direct™ interfacing system will be powered by the FlexPond engine to ensure increased energy optimisation and efficiency.

> *These battery sites going live is an important milestone in our strategic agenda of marketing low-carbon solutions and optimising physical flows. Importantly we're delivering on our position as a green transition enabler, capable of providing flexibility to stabilise fluctuating renewable production and supporting security of supply.*

**Nikki Gibbs**
Originator Battery Optimisation

RENEWABLE ENERGY TRADING & OPTIMISATION

# Biomethane

REPowerEU has doubled European biomethane targets for 2030, and we're ready to do our part to deliver on that target through our uniquely tailored Green Gas Power Purchase Agreements.

Shortages in natural gas supplies to Europe have highlighted the role of biomethane as an important contributor to gas security of supply, and as greater shares of renewables continue to enter the grid, biomethane will play its role as a key provider of both baseload generation, low-carbon balancing and flexibility as well as an alternative renewable fuel for hard-to-abate industries.

Beyond pioneering in the renewables and energy trading space, Denmark is also a global leader on injection of sustainable biomethane in the gas grid to replace natural gas. Just within the last few years significant progress has been made in this field, where the share of biogas in the Danish gas grid has doubled from 17% to 34% from Dec 20 – Dec 22[1].

With our Biomethane Sourcing teams operating in the Danish gas trading and certificate market for 15+ years, we've built first-hand experience and taken a front-line position in the development of biomethane sourcing, working actively across multiple markets and providing long-term Green Gas Purchase Agreements alongside short-term solutions to a wide range of partners and customers. Today our Danish market share sits at approximately 18%.

Most recently we've expanded our biomethane capabilities to the UK, handling trading, nomination, and transportation of green gas – helping businesses reach their green gas procurement strategies, reducing emissions, and supporting security of supply in a high-demand low-supply gas scenario.

With the gas grid able to handle increasing volumes of biogas and targets doubled with REPowerEU policies, we've reached the critical stage of boosting European production more than tenfold from the 30TWh of approximate production today to 340TWh by 2030.

1 Energinet (2023).

# Power & Gas Trading

Among the first movers in the liberalisation of energy markets, we're energy commodity pioneers with over 25 years of experience operating in European power and gas trading markets. Beyond contributing to market efficiency, transparent competition, and security of supply, providing renewable solutions is at the core of our strategy and vision, and our our trading activities are the foundation on which we shape and deliver our market leading renewable PPAs.

Whilst the Danish wind power adventure is a well-established story on the international stage, a less well-known industry founds its roots in the liberalisation of Nordic and UK energy markets in the mid 90's. In 1995 the process of liberalising Danish energy markets was initiated. Coupled with two decades of experience managing record quantities of wind, solar and flexible assets, Denmark became the optimal test laboratory for energy trading, giving way for a significant head start in developing the business model and capabilities needed to successfully trade energy on the newly liberalised European wholesale energy markets.

Acting on that head start, Danish energy traders exported those capabilities to other markets, rapidly capturing significant market shares in Northern- and Central European markets. Despite operations and development of the sector taking place in Denmark, today over 95% of revenues are generated outside of Denmark.

## We're a trader and a logistician, striking deals and moving physical energy across borders and markets to where and when it's needed the most

Keeping energy moving is a necessary precondition for well-functioning wholesale energy markets that provide consumers with low and transparent prices. In 2021, ACER noted that energy trading across border created value for consumers totalling over 34 billion EUR in 2021 alone[1].

Moving energy from source to use, we hold licenses to trade power and gas across 27 markets where we manage physical flows, inject liquidity, and improve price transparency. Over the last few years our trading model has dramatically increased in relevance, as price differences between high-price and low-price markets have become greater, driving demand for providing cross-border logistics for physical flows of energy.

1 Acer (2022)

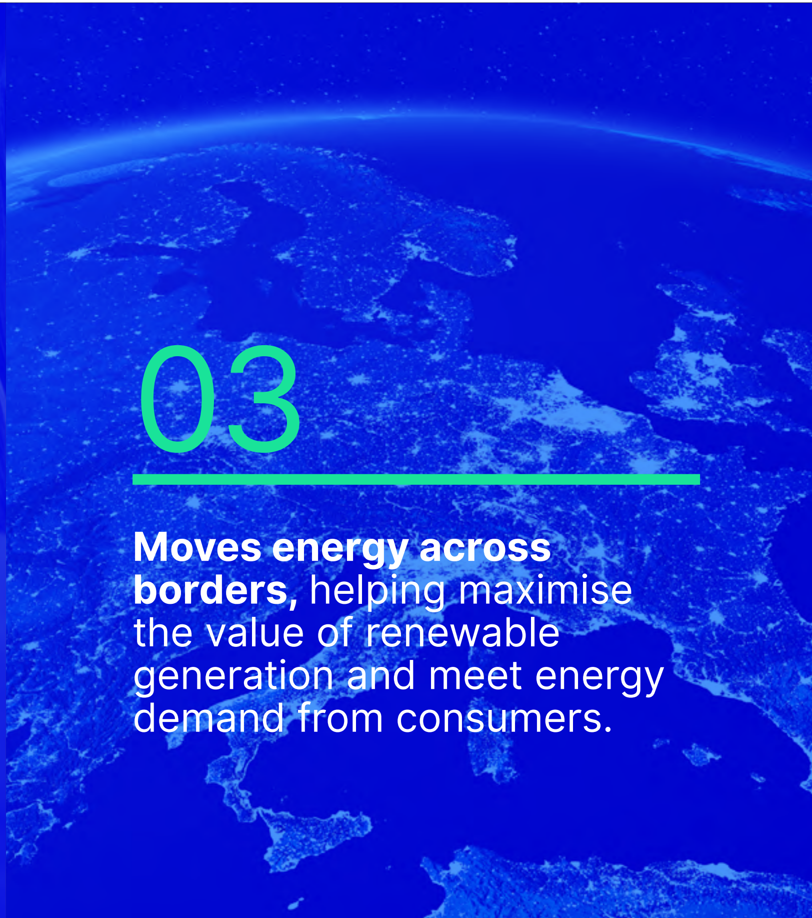
# Our Power & Gas Trading Business

## 01

**Operates as a balancing responsible party,** contributing to energy security of supply and helping reduce system costs for grid operators and consumers.

## 02

**Trades on large and transparent exchanges to provide liquidity and support energy market efficiency** that allows for formation of the most reliable price and investment signals.



## 03

**Moves energy across borders,** helping maximise the value of renewable generation and meet energy demand from consumers.

POWER & GAS TRADING

# Power Trading

Our Power Trading teams take a pan-European presence, actively trading in 24 power markets, on all major exchanges, and in over-the-counter markets. Our setup is centered around short-term power trading and power capacity optimisation capabilities.

Trading in the Intraday market we help ensure that there's a constant balance between actual production and consumption, providing the foundation for stable energy supply. Denmark has one of the highest levels of security of supply in the power grid, and as a balancing responsible party we're part of a selected group of actors that ensures there's a constant match between the actual production of power generating assets and what the market demands at a given point in time.

Delivering on our role as a balancing responsible party helps reduce costs for transmission system operators (TSOs) through lowering the need for purchasing system services. Ultimately, these activities save costs for consumers who finance TSO activities through national tariffs and/or transmission charges. Beyond Denmark we provide balancing services for TSOs across Europe including the UK, Netherlands, and France. For the UK, we commit to making interconnector flows to- and from Europe available – and in 2022 we provided 12% of the total volume required to balance the UK grid.

## Power trading activities are the foundation on which we shape and deliver renewable PPAs

With our diversified portfolio of renewable third-party power generating assets across Europe, our power trading teams trade physical power across and between 24 markets – moving power to where demand is greatest, helping balance price fluctuations.

Power trading is the foundation on which we're able to provide commercially attractive fixed-price PPAs, where strong trading optionality across borders improves our ability to maximise the end value of energy and provide more competitive agreements towards our customers.

In addition to improving market efficiency by moving energy to where its most needed, we also help optimise and maximise the volume of green power generated by intermittent renewable assets by moving value across borders. Rather than shutting down production from wind turbines when production exceeds consumption, we move renewable power to other markets when it's in demand.

## Energy trading is critical for maintaining liquidity, transparency, and efficiency in wholesale markets

Energy trading is critical to maintaining an efficient and transparent energy market with competitive wholesale prices. Energy trading brings liquidity to the market, which is necessary to increase supply and demand and form the most relevant and competitive price signals. Illiquid markets are typically far more volatile than liquid markets because fewer trades make pricing less stable and risks distorting both price formation and investment signals.

This is particularly important because wholesale energy prices determine the benchmark price for household and industrial consumers. Maintaining market liquidity is the reason behind the billions of euros that governments across Europe made available to energy companies and utilities through mid- to late-2022.

Because energy trading takes place on large, open, and transparent exchanges, prices reflect the best available information under market conditions and create the most reliable price formation for short-term deliver of power.

To further develop our power trading capabilities, we're pursuing an ambitious strategy focused on automation and algorithmic trading. Power needs to be used when produced, and as larger quantities of fluctuating renewable power enter the grid, automation and algorithmic trading will allow us to meet the growing requirements for efficiency in short-term markets.

Our algorithms and machine learning models are developed in-house by our developers and data-scientists, where we continue to make significant investments in both people and infrastructure. Further unlocking these capabilities will also dramatically increase trading volumes, growing the need for sturdy risk and compliance frameworks and resources.

POWER & GAS TRADING

# Gas Trading & Asset Optimisation

Gas will remain a primary fuel in the energy sector for years to come, providing a cleaner alternative to coal and oil as many countries transition to independence from fossil fuels.

Established in 2012, our gas trading activities include wholesale trading, asset optimisation and cross-border trading on the primary and secondary market. Operating in 19 different gas markets, we trade standard products on exchanges and in over-the-counter markets. With trades ranging across a one-hour to three-year horizon, we trade across almost all European borders and manage our physical storage and gas transportation portfolio.

Operating 24/7/365 we're here to serve the gas transition as it evolves – ensuring supply of natural gas and biomethane today, whilst constantly building on capabilities to navigate and operate markets for hydrogen and sustainable fuels in the not-too-distant future.

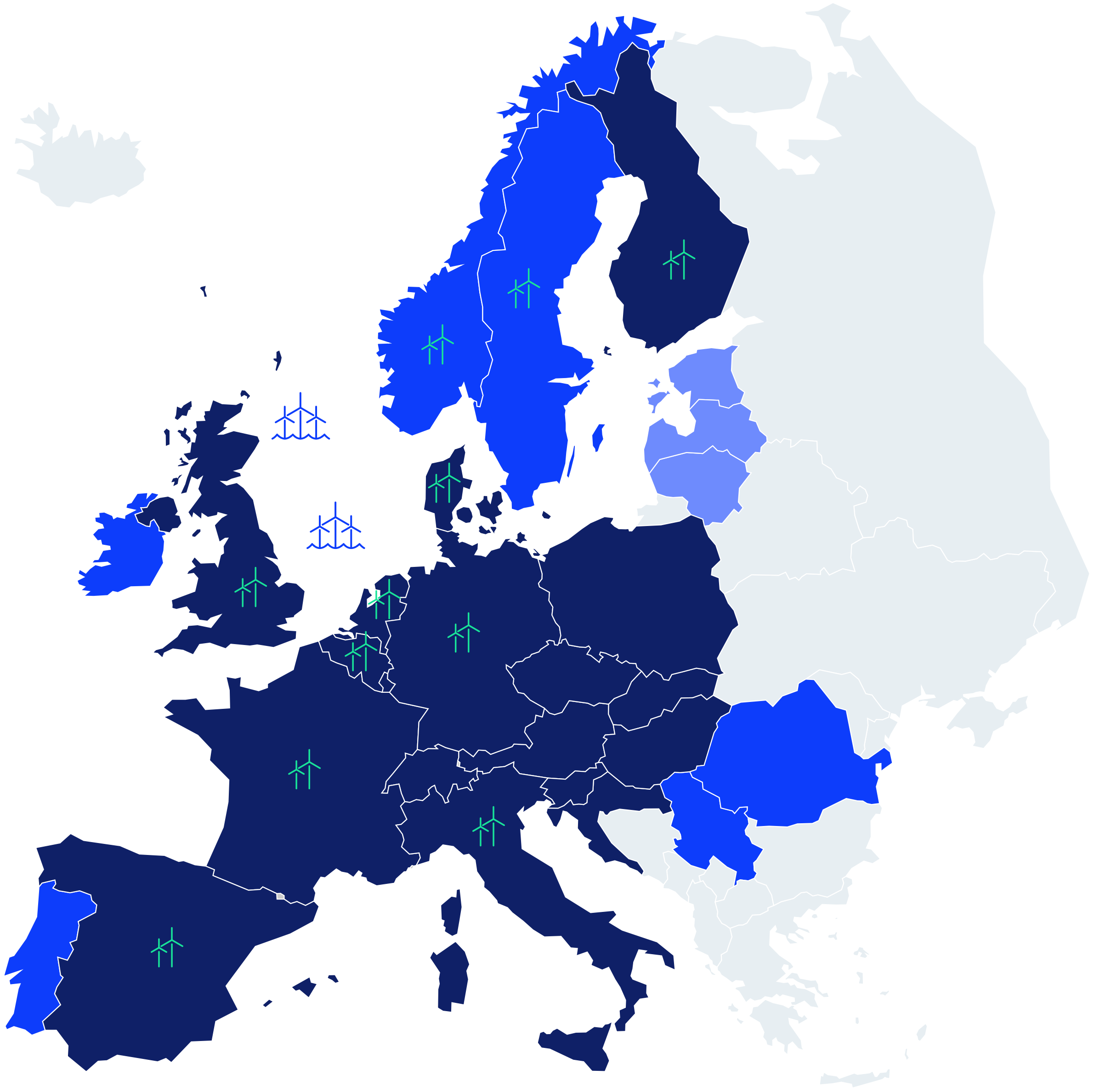
During 2022 we saw dramatic shifts in the landscape for supply and demand of gas in European markets, where cuts in Russian gas supplies alongside significant increases in LNG imports reversed European gas supply flows from east-to-west to west-to-east.

The shift from long-term to short-term gas sourcing agreements led to significant challenges in individual markets, where limited gas supplies and growing volumes of imported LNG accelerated focus on gas storages. This development made actors with access to the short-term market increasingly significant, where the ability to transport gas from oversupplied to undersupplied areas or move it into storages was key to ensuring that demand for gas in individual markets was met. We're taking responsibility for balancing these markets, ensuring security of supply as well as delivering on the European gas storage filling requirements. We expect this will continue to be a key agenda point for gas markets in the coming years.

Articulated through our commercial strategy, we're making dedicated investments in our trading teams and our platforms to handle both trades and data at ever-increasing speeds and scales. Developing and refining our inhouse algorithmic operation platforms, we're improving operational robustness and bringing increased efficiency to wholesale gas markets. Growth in our gas asset optimisation activities is underpinned by a robust risk framework and state-of-the-art hedging strategies.

# Markets & Business Areas

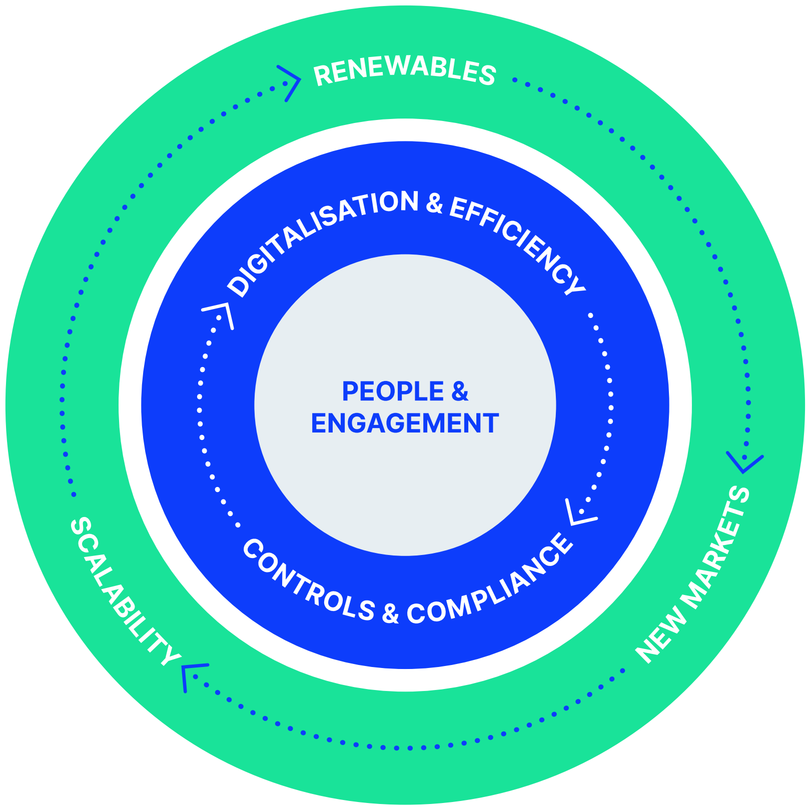
We currently trade power across 24 European countries and gas across 19 countries. Over the next few years, we expect to further expand our presence across the European continent, as well as globally. To service our customers across Europe and optimise our 24/7/365 trading activities, our main office is in Aalborg, Denmark, alongside an extended office in Copenhagen. We have subsidiaries in the UK, Germany and Singapore, and branches in Norway and Sweden.



- Asset Markets
- Power & Gas Trading Markets
- Power Markets
- Gas Markets

# Strategy: Moving Energy into the Net Zero Future

Delivering against our ambition of being a leading global energy trading and renewable solutions provider, we maintained our focus on establishing trading activities and expanding green energy propositions to new markets. Throughout 2022 we continued to ensure greater efficiency in energy markets whilst delivering on our role in the green transition.




## Expanding our geographical and product footprint to new European markets

During 2022 we initiated the organisational integration of our Optimisation Team in Belgium, welcoming 39 new colleagues to our organisation and unlocking new capabilities, markets, and asset types. Integrated fully with our Renewable Energy Trading & Optimisation domain, we've added multiple flexible assets in the Benelux region and UK to our portfolio, and we've further developed our ability to handle battery storages and large-scale flexible assets where our Direct™ software platform is now powered by the FlexPond algorithm. The legal transfer of the Belgian optimisation team was completed in 2023.

In our Power & Gas Trading domain we established our presence in new gas markets, commencing trading activities in the Baltics and Slovenia which secures greater trading optionality for our team, helps secure further gas storages, improves our ability to navigate volatile markets and supports security of supply.

In the coming years we will continue to significantly expand our geographical footprint, serving customers in new markets and capturing new opportunities as the energy transition evolves.

## Evolving our renewable capabilities to meet growing complexity and demand

In the renewable energy domain, we delivered on important milestones, reaching agreement on 201 physical and/or financial wind or solar PPAs during 2022. In the Corporate PPA space we signed our first solar consumption PPA in Iberia alongside our first UK consumption PPA's with renewable energy additionality for the corporate customer. New commercial solutions also materialised within our green energy and flexible solutions business areas. We signed our first electrolyser agreement in the Nordics, optimising power delivery for hydrogen production and grid balance, and our first large-scale battery assets are moving into comissioning and expected to be operational by the end of 2023.

## Enabling scalability to handle ever-growing volumes of renewable power

Ever-growing numbers of trades and the energy transition require a future fit digital backbone, why we're pursuing a dedicated investment strategy to stay ahead of the energy curve. We're one of Northern Denmark's largest IT-Development businesses, with 100+ dedicated digital developers building 140 fully in-house developed software solutions and algorithmic platforms during 2022. To further support scalability of our business, we are also pursuing a cloud first-approach, strengthening our Cloud Platform team and making significant progress on migrating our on-site application landscape to the cloud.

## Excelling our digital capabilities to support our ambitious growth agenda

We're significantly digitalising capabilities across our business, supporting our scalability agenda, but also improving our ability to act faster. Rapidly growing volumes of intermittent renewable generation demands greater capabilities in terms of analysing market developments, forecasting, and balancing flows in shorter time intervals. To deliver on this increased need for precision and speed we continue to focus on development of proprietary algorithmic trading solutions centered around automation.

## Ensuring a future-fit framework for controls and compliance

Supporting growth in the scale of our operations we continue to invest in our legal, regulatory, and ethics and compliance setup, adding new resources and systems to ensure balance. We are also delivering significant investments in people and infrastructure in the cybersecurity domain, boosting our resilience towards cyberthreats against our business.

## Empowering our people to reach their full potential and deliver excellence

Our people are our most important asset, and through 2022 we onboarded over 119 new employees across our offices in Denmark, alongside 39 new colleagues in Belgium. We've also had significant focus on engagement and employee wellbeing, being recognised as a Great Place to Work® and securing our spot among the top-25 best places to work in Denmark. Moving forward our focus on diversity and inclusion aims to support the ambitious 2030 targets set by Centrica plc. Finally, we also made significant investments in our people managers, introducing a set of dedicated and explicit Leadership Principles followed up by a leadership development programme to anchor the culture we desire.

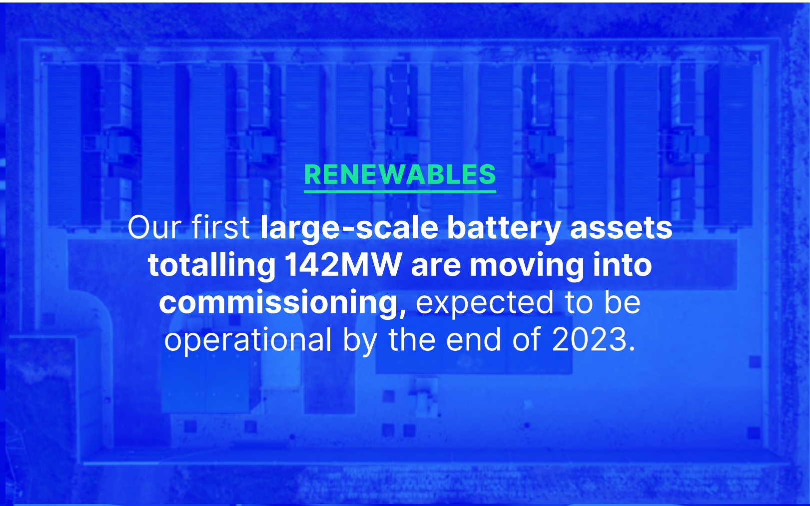
# Strategic Highlights

## NEW MARKETS

We expanded our gas trading markets, **commencing operations in the Baltic region and Slovenia.**

## DIGITALISATION

We strengthened our cyber resilience, **establishing a new information security and governance team** to strengthen our focus on information security and cyber security.

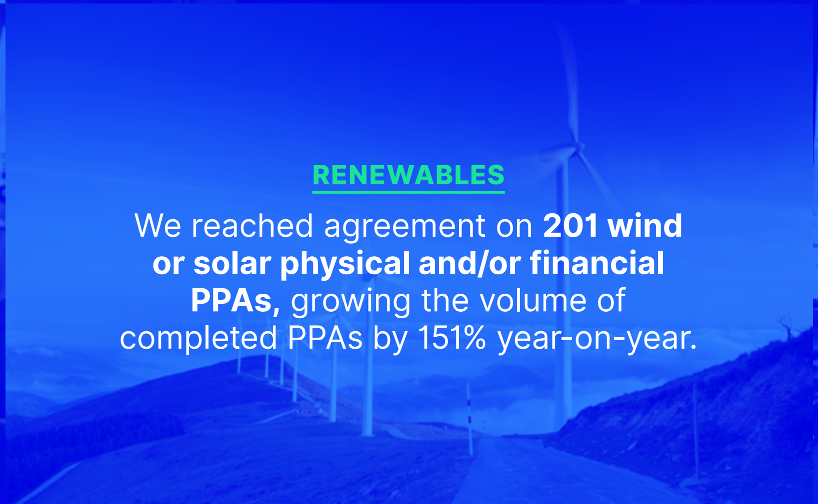


## RENEWABLES

Our first **large-scale battery assets totalling 142MW are moving into commissioning,** expected to be operational by the end of 2023.

## DIGITALISATION

We **expanded and strengthened our Cloud Platform team,** making significant progress on migrating our on-site application landscape to the cloud.



## RENEWABLES

We reached agreement on **201 wind or solar physical and/or financial PPAs,** growing the volume of completed PPAs by 151% year-on-year.

## PEOPLE

We onboarded **119 new talents and specialists,** bringing our headcount to a total of **432** energy movers by nature.

# Strategic Highlights

## RENEWABLES

We closed our **first solar Corporate PPA in the Iberian market** with Enerjoin.

## RENEWABLES

We signed our **first electrolyser agreement** in the Nordics, optimising power delivery according to hydrogen production needs and grid balance.

## NEW MARKETS

We started the **organisational integration of the former Centrica Business Solutions Optimisation team in Belgium with CET A/S.**

## PEOPLE

**Recognised as a Great Place to Work®,** we secured our spot among the top-25 best places to work in Denmark, and among the top-three employers for Women.

## RENEWABLES

We signed our first set of **UK corporate PPAs with renewable capacity additionality** for the consumer.

## DIGITALISATION

We developed **140 new digital solutions, including algorithms and machine learning models.**

# Weathering the Commodity Market Storm and Expectations for 2023

Global energy markets are still dictated by gas, which for many countries remains a critical transition fuel on their path towards renewables energies and electrification. In 2022, shortages in gas supplies triggered by the war in Ukraine and further exacerbated by extreme weather phenomena caused gas prices to soar and sent shockwaves through wholesale electricity markets.

During 2022 unseen volatility and price levels in the gas market spilled over to electricity markets and sent wholesale power prices soaring. Driving the correlation between high gas and electricity prices is the marginal pricing rule – a core energy market mechanism that determines the cost of electricity according to the highest accepted bid from generators in the market. Whilst the pricing mechanism has been subject to critique due to inframarginal generators receiving gas-cost based prices for their production (windfall profits), the mechanism has also been paramount to securing consumers with low energy prices and ever-growing shares of green and affordable renewable energy for more than two decades.

Due to the low variable generation costs for renewable technologies, the marginal pricing rule has ensured power production at the lowest possible cost and with the greatest share of renewables in the energy mix – by extension, this has strengthened the business case for wind and solar assets, where greater bid rate success has helped developers recuperate fixed costs incurred by their renewable asset investment.

As a last resort during periods with scarce renewable generation, meeting energy demand is done through activating gas-powered generators, and since mid-2021, the highest accepted bid has frequently been a combined-cycle gas turbine turning electricity prices gas-cost based. This trend only became more pronounced in 2022, where already strained gas supplies to Europe saw further shortages as a consequence of Russia's invasion of Ukraine.

## Driven by shortages in gas supplies alongside outages and limited production from traditional power generating assets, price movements and market volatility reached new extremes in 2022

In late February of 2022 Russia attacked Ukraine, sending shockwaves through global commodity markets and compounding uncertainties around Russian gas deliveries that still accounted for over 40% of Europe's total gas supplies[1]. Following the outbreak of the war Russia gradually restricted the supply of gas flowing to Europe, whilst in Brussels EU leaders agreed to sanction coal and oil imports from the country. New geopolitical realities coupled with swift political sanctions resulted in the record TTF gas price of 137 EUR/MWh set in December 2021 being shattered, with prices reaching a new high of 192 EUR/MWh by the end of February 2022[2].

1 Eurostat (2022)
2 Intercontinental Exchange Inc. (2022)

Moving into March, upward price movements continued – driven not only by scarcity in gas supplies, but also low volumes of renewable generation and significantly below average hydrological levels caused by dry conditions with limited amounts of precipitation.

With April setting the scene for longer and warmer days of spring, heavy rain in the Nordics begin to normalise hydrological reserves, whilst in the far East we saw gas demand drop due to Omicron breakouts sending Chinese commercial centres Shanghai and Beijing into city-wide lockdowns, slowing energy demand from heavy industry.

Falling prices were further reinforced by many large US-based consumers having secured energy supplies, opening for large volumes of liquified natural gas (LNG) to be exported to European markets. Albeit gas prices remained high and volatile due to continued demand for filling European gas storages, a downward trend further out on the price curve began to emerge.

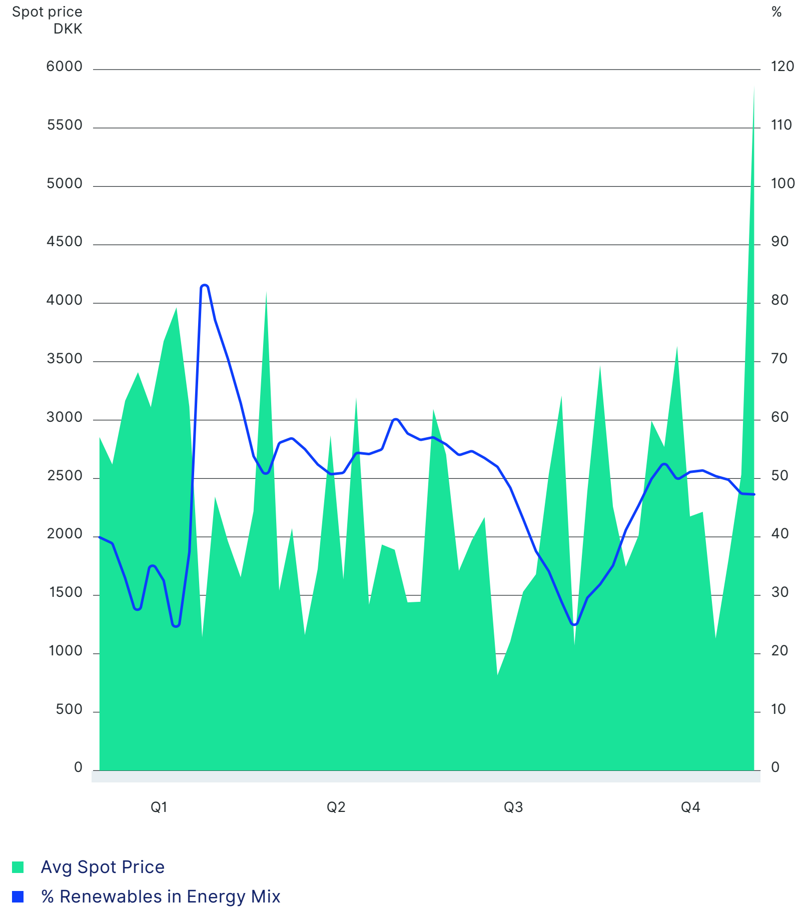
Despite steady downward movements in the gas price since March, as we moved into the summer months of June to August, energy markets were turned upside-down in what proved to be the perfect storm. During the summer, heatwaves with temperatures surpassing 40 °C drove greater demand for indoor cooling, and simultaneously, we witnessed multiple meteorological events that forced conventional power generation assets to curtail or periodically cease operations. The situation was further exacerbated by limited production from renewables. For Denmark, the average share of solar and wind power in the energy mix between June and August was 28%, considerably below the 47% average for the year[3].

## Forced curtailment and maintenance of power generating assets in key European markets

Looking to key European markets further south, Germany's challenges with meeting energy demands continued to pile up. The Rhine, one of Europe's key commercial waterways reached levels so low that many power generating stations were forced to curtail output due to lack of water available for cooling. At the same time, low water levels meant that coal could not be shipped to alternate power production plants, and nuclear generation was limited as the 2011 decision to phase out nuclear generation meant that only three of Germany's reactors remained operational.

Similar challenges arose in France, where low water levels resulted in the need to curtail output from French nuclear generation due to the limited availability of cooling. The situation was worsened by the need for French nuclear generators to undergo maintenance and refuelling, which is traditionally undertaken during summer months due to lower energy demand and prices. The summer of 2022 was an exception to this rule – and with all these challenges colliding, larger volumes of coal and gas were necessary to meet European energy demands – sending prices to new heights through June to August.

**Avg. electricity spot price for DK1/DK2 and % share of renewable production in the energy mix**




3 Energinet (2023)

## Sizzling summer conditions transitioned to deliver a mild winter with lower energy demand

Looking to the winter months ahead, serious concerns about security of supply and price developments over the months ahead began to manifest. However, the same weather events that worsened the market situation through the summer provided a degree of relief during the winter months. With temperatures across Europe during September and October remaining very mild, the energy demand for household heating was substantially reduced.

The combination of mild temperatures, strong power generation from wind and solar assets, and growing volumes of LNG export to Europe meant that European gas storages almost reached full capacity by early November. In a turn of events, scores of LNG cargo ships remained anchored in European harbours, unable to offload their energy cargo, but ready to replenish gas storages. Resultingly, gas prices in October fell more than 50% from their peak in August[2].

The remaining months of 2022 continued to deliver mild weather conditions, strong renewable generation, and European gas storages filled to capacity with additional LNG cargoes anchored and ready to replenish gas supplies. Whilst power prices in the spot market during December remained very high, the overall prices levels in DK1 and DK2 between October 2022 and February 2023 settled at an average of 1100 DKK/MWh[4].

2 Intercontinental Exchange Inc. (2022)
4 Nordpool (2023)
5 Carbon Brief (2022)
6 European Council (2023)

## Europe's generation gap was closed through increased renewable generation, shifts in consumption patterns and evolution within the policy space

The unique combination of challenges faced by European power generators in 2022 resulted in a generation gap equal to approximately 7% of European power demand[5]. Approximately 83% of this gap was covered by renewable production, whilst the remainder was delivered by consumer behaviour that reduced overall energy usage and helped shift bulk consumption outside peak demand hours.

In Denmark, consumer focus on aligning use of energy demanding appliances with low price hours was particularly pronounced. During 2022 approximately one million Danes downloaded mobile apps detailing intraday and day-ahead prices on an hour-by-hour basis – and data shows that hours with plentiful wind and solar production were also the hours with the greatest volume of electricity consumption[6].

Closing the generation gap was also managed through the policy dimension, with the EU presenting urgent regulations aimed at addressing high energy prices. These measures included capping spot prices received by non-gas fuelled generators, targets to reduce energy consumption by 10% and peak demand by 5%, and later in December, a price cap on gas. Collectively, these policies contributed to lowering shares of gas in the energy mix and diminishing its impact on price setting, particularly during peak hours.

## Despite turbulent market conditions, investment appetite for renewable PPAs only continued to grow in 2022

Through the year we saw 500% growth in the volume of contracts spanning less than five years, and 300% growth in the number of contracts exceeding five years. Both new and existing PPAs helped toil further energy inflation, with previously locked-in contracts shielding customers from the impact of rising prices, and new contracts providing stable power prices that helped consumers manage energy costs.

Uncertainty in already volatile markets was further fuelled by the outlook to intervention in European electricity market design. Nevertheless, through the year we saw considerable growth in the number of businesses seeking to manage energy costs and price volatility through renewable PPAs. On the other side of the table, given strong tailwind and favourable market conditions, the incentives for developers and investors to build out renewable assets were also high.

## The extreme demand for risk capital and severe crunch in market liquidity came to define operational capabilities

During 2022 rising energy prices dramatically elevated the need for available risk capital to continue operations at similar pace and scale. Risk management is a core function in any trading business and generally dictates a range of policies that require safeguarding against price movements through entering financial hedges.

Risk policies require us to hedge positions to the greatest extent possible – allowing us to lock-in prices and negate losses/rewards in favour of stability. However, when prices increase and liquidity strains drive greater volatility, the volume of risk capital needed to hedge positions can increase dramatically. For PPAs our average risk capital required increased by factor 15-20 when compared to early 2021.

With 2022 setting new benchmarks for risk capital requirements, being part of Centrica plc that presents a strong balance sheet and top-level credit rating was critical for our ability to maintain volume in our operations and deliver long-term agreements, where the entirety of the offtake volume cannot be hedged at the time the agreement is entered.

Requiring constant monitoring and response, our setup allowed us to effectively and ongoingly adjust allocated and available risk capital to meet demands posed by rapidly shifting market conditions. These same market conditions also increased the focus on distribution of risks when designing PPA-agreements, where the growing need for unique offtake and consumption deal frameworks reflected the significant variance in business models and specific needs of developers and corporate off takers.

## What will the energy markets of 2023 bring?

Summarising our expectations for 2022, we predicted that the main market drivers would only become pronounced, with gas solidifying its position as primary price setter.

Intensified by cuts in gas supplies to Europe alongside EU sanctions on Russian coal and gas imports, scarcity in European energy markets drove prices to levels far above the previously observed record highs set in 2021. For the first time in the half-century passed since the energy crisis of 1973, uncertainty around security of supply transformed to become an issue of concern for all Europeans.

Whilst placing significant strain on families and businesses across the world, the energy crisis has served to accelerate a common European view, that we need to rapidly and massively transform our energy systems to run entirely on renewables. It’s not ”just” a question of climate and net zero goals, it’s about the future of European energy supply being entirely independent of outside suppliers.

Following our expectations, challenges in the gas market paved the way for policy makers to kickstart a paradigm shift in the way we produce, use, and move energy. Early in 2022, the European Commission put forward REPowerEU – focused on delivering massive investments into renewable energy and securing a framework to encourage sustainable financing.

Later policy discussions on intervening in wholesale markets created uncertainty and concern about distorting price and investment signals in the market, but as a whole the impact of price caps was limited, as interest for PPAs, and sustainable investments continued at a high pace into 2023. Since January 2023 this year, prices have rarely surpassed 180 EUR/MWh[4], making the realised impact of price caps very limited.

During 2023 we expect commodity markets to exhibit lower price levels and less volatility. Aided by above average temperatures through the winter, European gas storages have started flattening out at approximately 55% of filling capacity – versus the 25% observed at the same time last year[6]. This makes it unlikely that gas storages cannot be refilled by the winter of 2023/2024, providing needed price relief and greater stability in wholesale market prices. Nevertheless, we must be aware of the impact of weather conditions – both in terms of renewable production, the ability to operate conventional generation assets at capacity, and the demand for energy required for indoor heating or cooling.

Based on our performance in 2022 and the outlook for energy markets in 2023, we expect to continue activities at similar scale and pace whilst applying learnings and developments that enable operations and decision-making even further in line with market developments.

4 Nordpool (2023)
6 European Council (2023)

# Social & Sustainability Impact

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39 Net Zero Ambitions
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# Net Zero Ambitions

Climate change is one of the biggest challenges we face globally, with the energy sector at the forefront of the need to respond. As part of Centrica plc, we're committed to becoming a Net Zero business by 2045, and we've pledged to help our customers reach Net Zero by 2050.

Determined to transform the carbon footprint of our business to net zero, we've set interim reduction targets and pledged to deliver on zero carbon emissions by 2045. Identifying and delivering on new initiatives to reach those goals, we're focused on eliminating emissions across Scope I, II and III.

During 2022 the entirety of our electricity consumption was delivered through an unsubsidised renewable solar consumption PPA, sourced directly from a newly built solar park located approximately 40 km from our headquarters in Aalborg. We also improved our electric vehicle infrastructure, installing six new charging stations on-site and we're working to transition the entirety of our company car fleet to electric vehicles by 2025. Following Covid-19 precautions our canteen began serving portioned meals, which led to food waste being reduced by upwards of 80%. Due to these significant waste reductions, we've decided to continue this practice. We've also focused on reducing overall energy consumption, installing energy-saving timers and sensors to reduce consumption from inactive or standby devices and lower phantom power consumption.

Our commercial engine and strategy are fine-tuned to deliver on net zero, dedicated to securing the buildout of renewables and decarbonisation of our energy systems - with our Renewable Energy Trading & Optimisation and Gas and Power Trading domains synergising to deliver exactly that. We offer commercially attractive Power Purchase Agreements and Corporate Power Purchase Agreements that drive new, unsubsidised

## Our Path to Net Zero

**2050**

Reach
**Net Zero**
for customers by 2050

**2045**

Become a
**Net Zero**
business by 2045

**2034**

Reduce carbon emissions
**40%**
by 2034

**2030**

Help reduce our customers emissions
**28%**
by 2030

renewable energy assets to market, we support the ability of developers to make sustainable investments whilst helping corporate customers deliver on their green procurement strategies and net zero operations. Securing integration and optimisation of key renewable energy technologies in the power and gas grids, we help ensure efficient functioning of wholesale energy markets that provides consumers with green, affordable, and stable energy supply.

We're committed to supporting the research and development agenda on key energy technologies and helping build the future workforce needed to deliver on the green transition. During 2022 we started participation in the EFFORT program at Port of Hirtshals, providing the data and insights needed to build a flexible, sector coupled energy system capable of supporting current and future commercial actors at the port, whilst building experience, guidelines and roadmaps to help establish more sustainable energy solutions in the future. We're also taking an active part in educating the next generation of energy movers through sponsoring the Commodity Economics programme at Aalborg University and employing a broad base of student workers, helping secure the development of new talents and specialists to meet the rising demand for highly qualified labour needed to successfully deliver on the green transition.

# People & Diversity

2022 has been another high-intensity year for our people and engagement agenda, where we welcomed 119 new colleagues to our team of passionate energy movers. Continuing to enable the success and growth of our business, we've further strengthened our focus on supporting diversity and people development, fostering an inclusive culture where everyone has the foundation necessary to thrive and deliver on our critical agenda.

## Energy Movers by Nature

Our mission remains the same - driving the green transition forward while offering sustainable and predictable energy costs for suppliers and offtakers. We're constantly building on our skills. Ensuring our ability to deliver on the insatiable demand for clean, reliable energy, and the continuous innovation crucial for managing the growing volatility and complexity of the energy market. To deliver on this we've focused development of our people's competencies, and set ambitious new objectives for attracting diverse talents with fresh perspectives that help us stay ahead of the energy curve.

Moving at a record pace during 2022, we successfully recruited and onboarded 119 new colleagues across Denmark, Germany, and Singapore. Following the previous record recruitment momentum set in 2021, our total headcount has now reached 432.

In the people space, a significant assignment for the year was commencing the onboarding of 39 new colleagues from Centrica's optimisation teams in Belgium. Beyond adding to our competencies and further anchoring our growth ambitions, the integration also expands our available talent pool by providing greater access to world-class universities alongside international talents and specialists located in Belgium.

Throughout 2022 we've focused on supporting our people managers in identifying areas for development and helping employees power their full potential, whilst balancing the needs of the individual and the business. We support and prioritise internal job rotations, both horizontally and vertically, and during the year we had over 100 internal job rotations where people shifted roles, received a promotion, or started working in a new location.

## Supporting our Leaders

During 2022 we made one of our most significant investments in leadership development during recent years. Introducing our tailored Leadership Principles and Development Programme, we developed a set of explicit principles to guide our managers and colleagues towards building the leadership culture we desire - Think Bigger than You, Embrace Challenges to Grow, and Be Better for Us. Following introduction of the new leadership principles, we engaged all people managers in a four-module development programme to anchor the principles.

*In 2022 we conducted a tailormade Leadership Development programme for all CET People Managers, with the purpose of strengthening their ability to drive performance, attract and grow talent, build commitment, and to nurture and develop an engaging and diversified working culture.*

**Dion Sørensen**
Senior People Advisor

Nonetheless, shifting roles and onboarding many new colleagues from many different countries creates pressure in terms of retaining our strong culture and aligned processes. Recognising that fact, we've worked with targeted initiatives to help create aligned perspectives on our business, develop tools to strengthen our culture, and find new ways to increase diversity and inclusion and continuously develop our people. These include cultural workshops, team off-sites and leadership development courses, and we believe these are key for our ability to be a fantastic workplace, where we maximise and value everyone's contribution.

*During 2022 we've continued to strengthen our culture. One of the topics being inclusion and fostering a culture of trust and 'diversity of thought'. This brings people together and expands our ways of thinking. I think we're a great place to work and that we have the greatest people onboard - and to keep it that way, we must constantly focus on developing and strengthening both our people and culture.*

**Anne Mette Bøjstrup**
HR Partner

**432** total employees

**119** new employees onboarded in 2022

**36.6** average age / 34.4 including students

**40** different nationalities represented

**80** Students, approx. 18% of Total Workforce

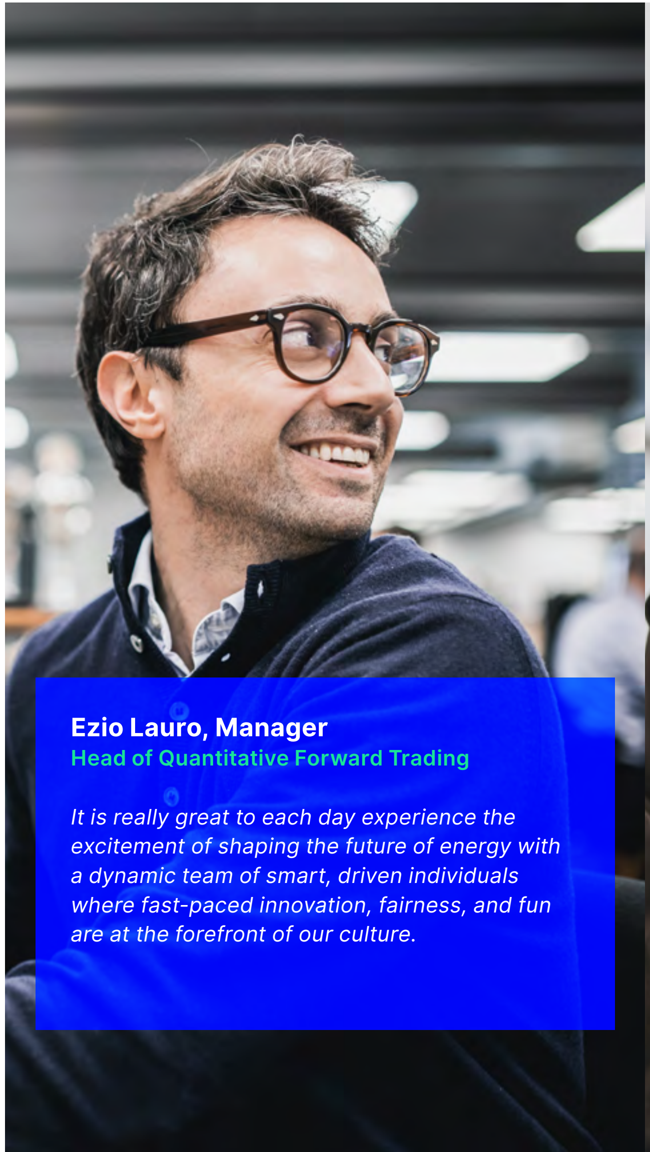
## We're a Great Place to Work

Our dedication and hard work towards building a great work environment has paid off, and in December 2022 we were certified with the internationally recognized award, **Great Place to Work**®. With a total of 94% of our people saying that taking everything into account, Centrica Energy Trading is a great place to work. Other great highlights from the survey include 90% taking great pride in their teams and their accomplishments, and 93% having a sense of camaraderie with the freedom needed to express themselves.

Following this achievement we are also very proud to have landed among the **Best Workplaces In Denmark**® list, in addition to our nomination to **Best Workplaces In Denmark® for Women**. These awards recognize the Top 25 Workplaces in Denmark within the 50-499 employee category and the Best Workplace in Denmark for Women is assessed on our initiatives, networks, policies, and our female employees survey responses.

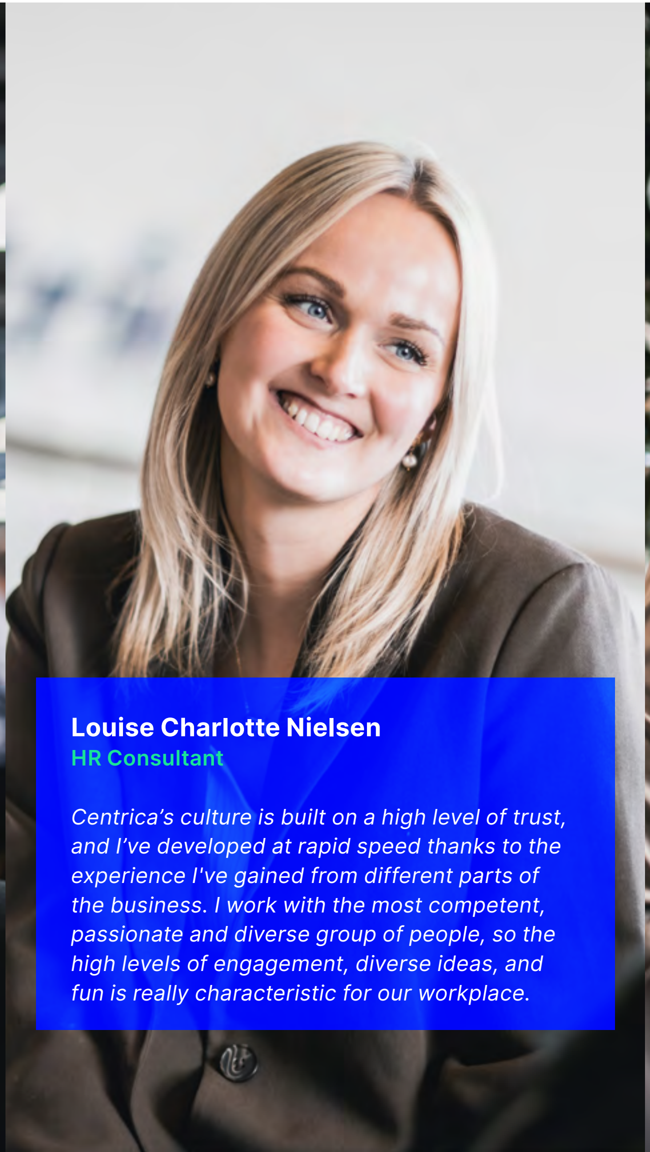
These recognitions mark our further commitment to fostering an inclusive, diverse, and highly skilled culture, where everybody can thrive and do great work, while having a strong sense of camaraderie. By this commitment we want to further build on our initiatives, to keep creating the change we want and need to really shift the dial.

# Being a Great Place to Work? *What does it mean to our people?*



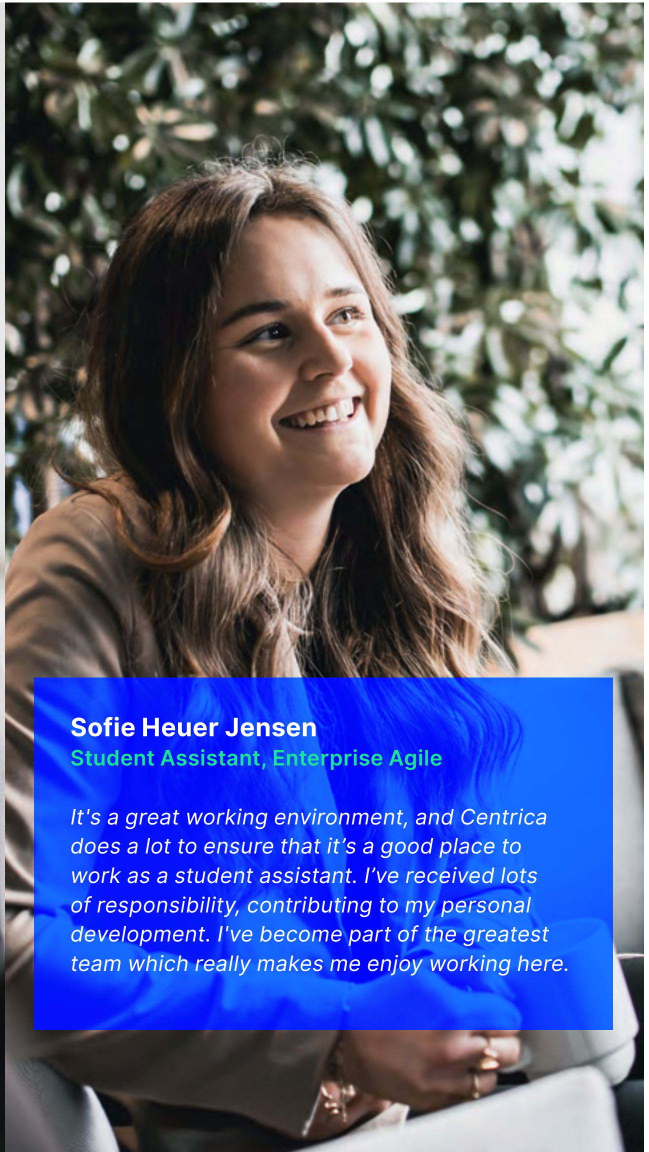
**Ezio Lauro, Manager**
**Head of Quantitative Forward Trading**

*It is really great to each day experience the excitement of shaping the future of energy with a dynamic team of smart, driven individuals where fast-paced innovation, fairness, and fun are at the forefront of our culture.*



**Louise Charlotte Nielsen**
**HR Consultant**

*Centrica's culture is built on a high level of trust, and I've developed at rapid speed thanks to the experience I've gained from different parts of the business. I work with the most competent, passionate and diverse group of people, so the high levels of engagement, diverse ideas, and fun is really characteristic for our workplace.*



**Sofie Heuer Jensen**
**Student Assistant, Enterprise Agile**

*It's a great working environment, and Centrica does a lot to ensure that it's a good place to work as a student assistant. I've received lots of responsibility, contributing to my personal development. I've become part of the greatest team which really makes me enjoy working here.*

## We are committed to being a Great Place to Work®

We work hard to maintain our culture where everyone is respected, everyone has the opportunity to develop a meaningful personal and professional life, and where ideas are evaluated on merit and not seniority.

Representing 40 different nationalities, we're a tight-knit community that includes a wide variety of personal, educational and professional backgrounds that significantly broadens the frame of reference we can access. We continue to nurture this broad variety of skills, dedicating resources to evolving our unique pipeline of talents that join us from across the world.

Whilst building and cultivating our international environment, we also do our part to integrate and support local talents coming from local educational institutions and employment programmes. We continue to pursue our partnership with Aalborg University, specifically through the Commodity Economics master's course, which we co-created with the university in 2019. Furthermore, we continue to provide support through external lectures, case studies, and other means, and we will continue to further develop and resource these efforts.

In 2022 we also expanded our Graduate Programme with a Business Management track to attract new competencies and expand our talent pipeline beyond our existing Commodity Trading Analyst graduate track. Our goal is to empower more university graduates to pursue a career in the energy sector, working with tailored teams to accelerate their development.

During the year we also underlined our commitment to supporting local employment programmes which help people with special needs and difficulty accessing the labor market to entering meaningful employment that's designed to support their specific needs. Supporting various practical tasks at our premises in Aalborg, this year the programme successfully concluded with one full-time employment contract.

## Building the Workforce of the Future

17% of our employees are students, each assuming real tasks and responsibilities that prepare for a successful career in the energy sector. Our approach to working with students is highly structured, with onboarding completed in the same manner as with full-time employees. We find that this approach nurtures our talent pipeline, where 36 of our students starting in 2019, 2021, and 2022 have transitioned to being full-time employees after their graduation. Beyond bringing fresh new ideas, our student pipeline helps retain international specialists and talents in Denmark, supporting the development of the energy workforce of tomorrow.

In addition to offering our students great career opportunities, we also take great pride in our student community, which we have created for all our student assistants. This includes facilitating social events and networking get-togethers, where students meet and share experiences.

Beyond the professional contribution, this creates a strong sense of camaraderie among our student workers and is an integrated part of our effort towards creating a great place to work for all.

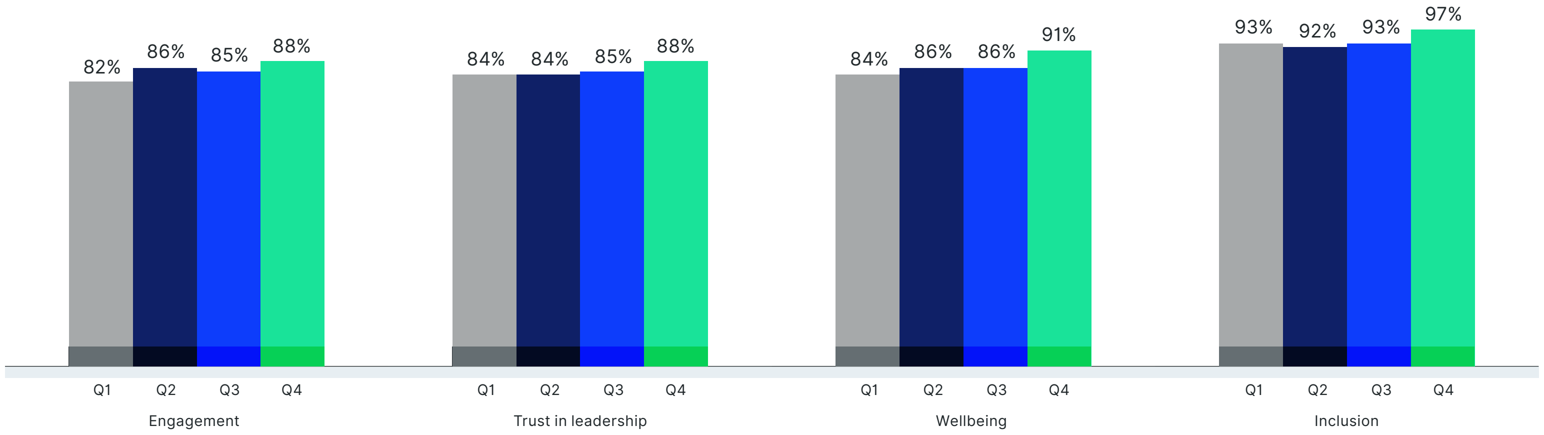
## Employee Engagement Sets New Records

Engaged and empowered people are the key to our success and a core part of our strategic agenda. We're proud of our people, their engagement to our mission, and the culture we have created. This is again underlined by our Great Place to Work® certification in December 2022, where the high positive scores across the survey (up to 99%) correlate with scores collected through our internal employee survey **Our Voice.**

Collecting quarterly statistics and feedback through Our Voice helps us focus our efforts and actions in the right areas and according to the needs of different teams, ensuring we make improvements and changes where it really matters for our people. As we continuously measure and seek to improve our colleague engagement, the findings and subsequent actions have greatly contributed to our positive workplace and culture, where we set a record engagement scores of 88% in Q4 2022.

**Our Voice results 2022**

The % of colleagues that have responded favourably (agree/strongly agree)




While we're proud of this achievement, we are also aware that maintaining this momentum will require constant vigilance and investment. Employee engagement is the foundation of our 2028 strategy, and we are committed to keep delivering on that promise.

Overall we achieved record-high scores in the **Our Voice** engagement survey each quarter, indicating significant improvements in key areas. Notable progress was observed in enhancing transparency, focus on internal communication and prioritising central strategic goals. Additionally, we reinforced our commitment to employee wellbeing by continuing our work with agile coaching to enable better planning, prioritisation, and alignment in teams, whilst using our stress coach on site to prevent and mitigate stress-related issues. In addition to this, we have invested in having an on-site fitness coach to help optimise our employees' training, contributing to an increase in both physical and mental wellbeing.

Our employees also highlight our **Book Clubs** and our **Social Guilds** as great initiatives to improve and maintain high engagement and wellbeing. The Book Clubs are employee facilitated, but sponsored by Centrica Energy Trading, providing a forum for learning, development and bringing employees together to discuss new topics. The guilds are an excellent framework for knowledge sharing and socialising with new colleagues, where each Guild consists of a subject-matter expert who helps and guides colleagues where needed. This includes everything from training colleagues, building shared code bases and unifying processes, to simply exchanging knowledge.

### Diversity of Nationalities

- Albania
- Belarus
- Belgium
- Brazil
- Bulgaria
- Canada
- China
- Croatia
- Czechia
- Denmark
- Faroe Islands
- France
- Germany
- Hungary
- Iceland
- India
- Italy
- Latvia
- Lithuania
- Morocco
- Netherlands
- New Zealand
- Norway
- Pakistan
- Poland
- Portugal
- Romania
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- Serbia
- Singapore
- Slovakia
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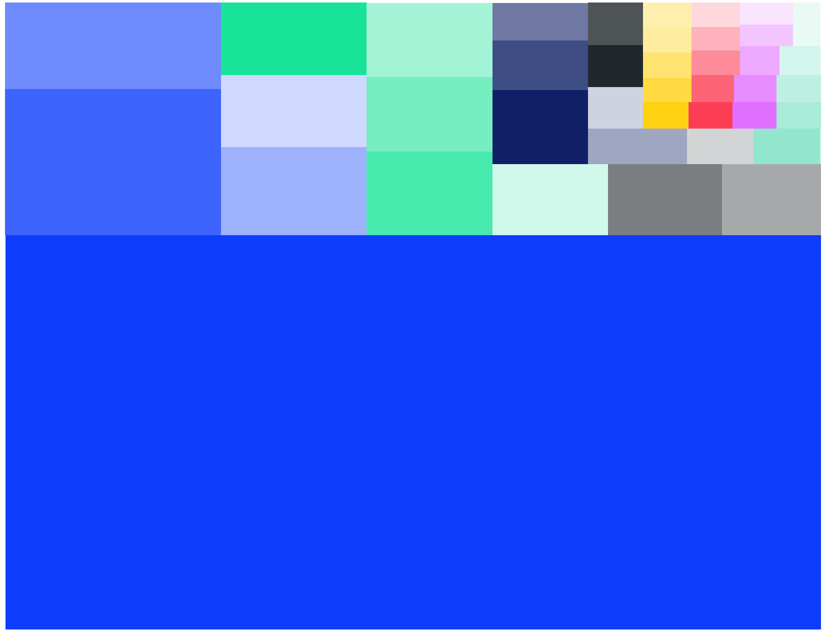
- Spain
- Sweden
- Switzerland
- Syria
- Ukraine
- United Kingdom
- USA
- Turkey



## We are Devoted to Diversity

Our focus on nurturing a unique environment and culture doesn't only deliver increased employee engagement and business performance. It's also inextricable from our commitment to diversity and exclusion, which we strongly believe will provide a competitive advantage whilst also feeding into our global strategy and narrative. Providing new perspectives, challenging biases, and driving creativity, diversity is fundamental for our ability to secure better, faster, and smarter solutions that make a real difference for our customers, colleagues and business.

Our focus on diversity has become even more pronounced in 2022, determined to deliver on our ambitious business goals. We see diversity in all its forms as a source of innovative ideas and perspectives that are essential to our success. In order for us to grow and continue being successful, we need to maximise everyone's contribution and value our differences.

Taking a whole brain approach solves complex problems better and faster, and in 2022 we have delivered further initiatives to cultivate a diverse workforce, foster a sense of belonging, and leverage the power of inclusion to drive innovation and growth. We're committed to demonstrating that career opportunity is equal irrespective of gender, nationality, ethnicity, religious background, or age.

Our international team is blooming, growing from 31 different nationalities in 2021 to reach a total of 40 in 2022, and we've taken great measures to both attract and ensure that people of all nationalities feel welcome and included. We operate with English as our integrated corporate language, host cultural workshops, gather people together for various social and sports events facilitated by our Staff Association, and our employees from across the globe have been an important part of contributing to this. With an average age of just a little above 36 years, we have a low industry average age but maintain equal representation of age around all age groups.

While we've made great progress in terms of diversifying our teams, we maintain specific focus areas and initiatives to bring the change we want and need to deliver on our goals, particularly in terms of gender diversity.

## Creating Change for Gender Diversity

In response to Section 99(b) and to support the responsible business ambitions of Centrica plc, we believe that building a more sustainable future requires the best team - a team consisting of a diverse mix of people and skills, where everyone feels welcome and able to succeed. In 2022 our percentage of female employees stood at 22.7%, a small decrease from the 25% observed in 2021. The number of female managers increased from 16% to 17% year-on-year. We're working to push these metrics further in the right direction, supporting Centrica plc's ambition of having at least 47% of our workforce represented by women by the end of 2030. To achieve this, we are working with specific initiatives to make opportunities more equal and actively building a more inclusive culture that promotes and values gender diversity and equality. Our objective is to have at least 30% female managers by 2030.

Our initiatives to bring about this change includes changing our recruitment processes 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.

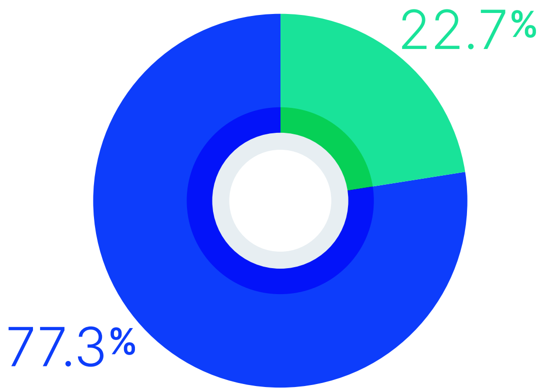
We are very proud of our nomination to **Best Workplaces in Denmark® for Women,** an extension to the Great Place to Work® Certification, where nominees are selected based on a survey among female employees and a comprehensive culture audit profile describing all initiatives, policies, and efforts in place to promote gender equality.

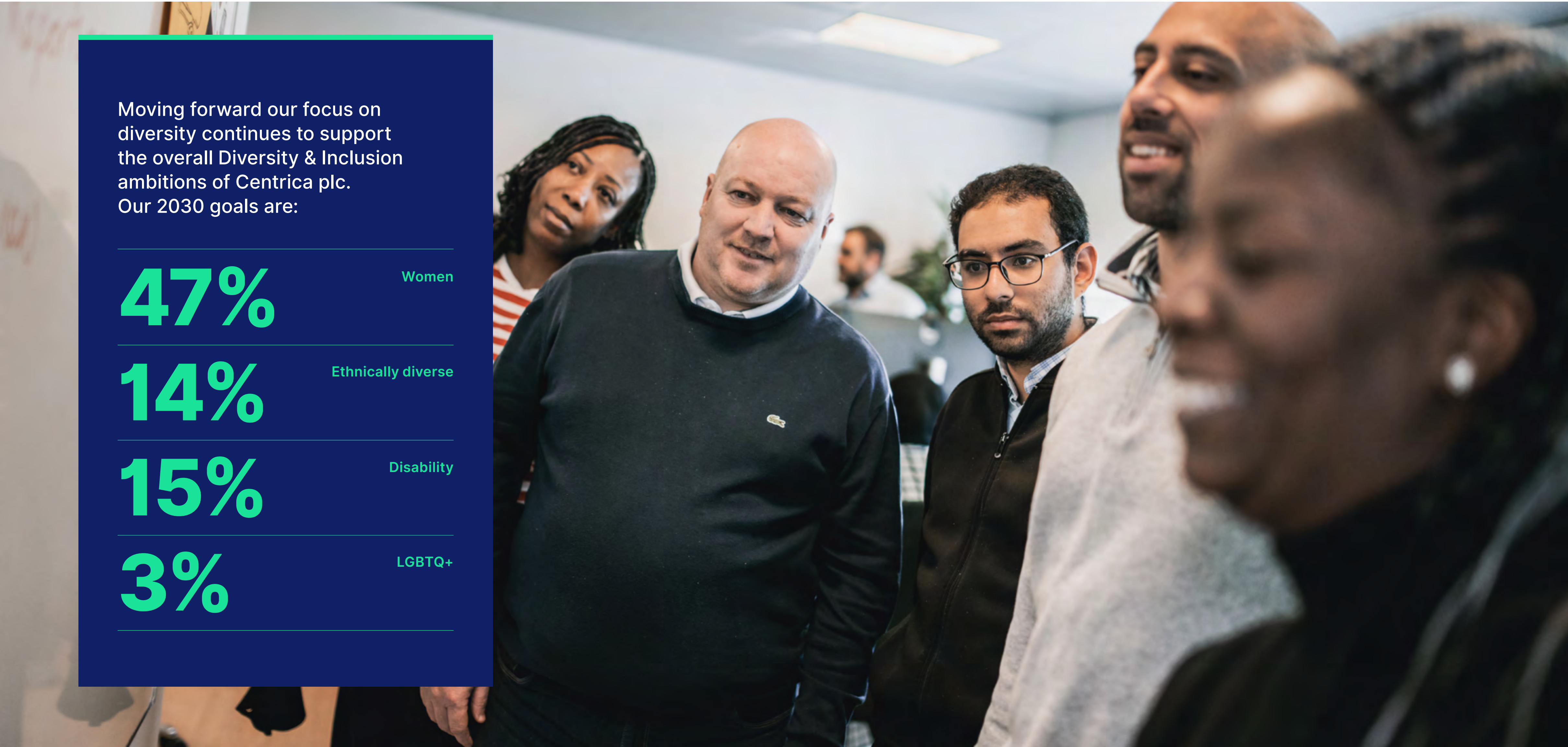
Further supporting our efforts is our voluntary staff-initiated network 'Centrica Women's Network' that supports women to be their best and achieve their goals regardless of level or career destination. Run by women but welcoming participation from all voices, Centrica Women's Network is a forum that helps new connections that can often be invaluable to succeeding in the energy industry. Importantly, the network also provides role models to develop and inspire our people to achieve their career ambitions and broaden the talent pipeline.

**Diversity of gender**

%

- Female
- Male



Moving forward our focus on diversity continues to support the overall Diversity & Inclusion ambitions of Centrica plc. Our 2030 goals are:

**47%** Women

**14%** Ethnically diverse

**15%** Disability

**3%** LGBTQ+

# Ethics & Compliance

Energy is everything, and as a critical actor operating in a critical sector, we're accountable for constantly assessing threats and vulnerabilities – delivering the required security measures to mitigate and eliminate threats in the physical- and cyberspace. Managing significant volumes of data, we operate according to the highest ethical standards for processing and storage.

Operating as a large-scale entity in the energy sector we closely monitor and enforce policies and guidelines defined by the regulatory energy branch in Denmark. We remain both compliant and working at the forefront of requirements for IT-resilience and operational readiness as defined in the BEK 2647 regulation.

Due to the global focus on energy, greater geopolitical instability, and rising threats in the cybersecurity landscape, we've ramped up our investments in cyber resilience and operational readiness, establishing a new Information Security and Governance team to strengthen our focus on information security and cyber threats. We continue engaging with peers across the industry to share best practices and knowledge, and we work closely with qualified external resources to support and strengthen our operational, technical, and strategic practices.

During 2022 we continued to evolve on a series of security measures to protect our business and energy assets under management from risk of serious incidents. We strengthened our resilience towards ransomware attacks, improved our data security and multi-location back-up solutions, and we continued to stress-test our resilience and contingency plans. Because the majority of data breaches are the result of human error and involve social engineering or phishing, we dramatically increased our focus on keeping staff informed on cyberthreats through running information campaigns on the current threat landscape, best practices to minimise risk, and how to react to and manage potential threats.

## Data Ethics & GDPR under Section 99(d) of the Danish Financial Statements Act

Centrica Energy Trading A/S 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 attained 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 impact in 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 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, our share of market data and personal data is roughly 80-20, with employee data accounting for the vast majority of personal data obtained by the company in 2022. In keeping with our high standards for data ethics, we continued to monitor and adjust GDPR and data compliance resources to always be compliant with relevant directives.

## Sustainable Development Goals

The United Nations 17 Sustainable Development Goals continue to guide our purpose of delivering sustainable, simple, and affordable energy supplies. We're determined to make our contribution by paving the way for a more sustainable future, where energy is no longer a leading contributor to climate change. To deliver on that we're focused on positively impacting availability of affordable and clean energy (SDG 7) through delivering market leading solutions that bring new unsubsidised renewable assets to market and fight climate change (SDG 13).

### Responsible Business measures

As a part of the Centrica Group, Centrica Energy Trading'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 39-54). 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.

### 2022 Centrica plc Annual Report

→ READ MORE

# Corporate Governance

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# Governance structure

Centrica Energy Trading A/S and its subsidiaries were acquired by Centrica plc in the fourth quarter of 2016. In the spring of 2019, Neas Energy A/S changed legal name to Centrica Energy Trading A/S.

Centrica Energy Trading A/S carries out activities within a larger business unit of Centrica plc; Centrica Energy Marketing and Trading (EM&T).

Centrica Energy Marketing & Trading 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.

In 2016 Centrica Energy Trading A/S and its subsidiaries were acquired by Centrica plc to leverage and further build competencies within renewable energy trading, optimisation, and the management of large-scale renewable assets.

EM&T's main trading entities are British Gas Trading Limited, Centrica Energy Limited, and Centrica LNG Company Limited. All of these entities operate primarily from the UK where Centrica Energy Trading A/S operates primarily from Denmark, with sales offices in Norway and Sweden and subsidiaries in Germany, Singapore, and the UK.

During 2022 the decision was made to integrate the Belgian organisation and operations of Centrica Business Solutions with Centrica Energy Trading to further evolve and strengthen grid-scale energy optimisation capabilities, linked to the specialised energy asset management competencies housed through the Danish legal entity and its subsidiaries. Completion of the transfer occurred in 2023.

Centrica Energy Marketing & Trading is one of five main businesses within Centrica plc. The four remaining companies are British Gas, Bord Gáis Energy, Centrica Business Solutions, and Upstream.

**Centrica Energy Trading A/S**

**Group Enterprises**

**Neas Invest A/S**
Aalborg; Denmark
100%

**Neas Energy Ltd.**
London, United Kingdom
100%

**Centrica Energy Trading GmbH.**
Hamburg, Germany
100%

**Centrica Energy Trading Pte. Ltd.**
Singapore
100%

**Associates**

**Vindpark Keblowo ApS**
Hobro, Denmark
50%

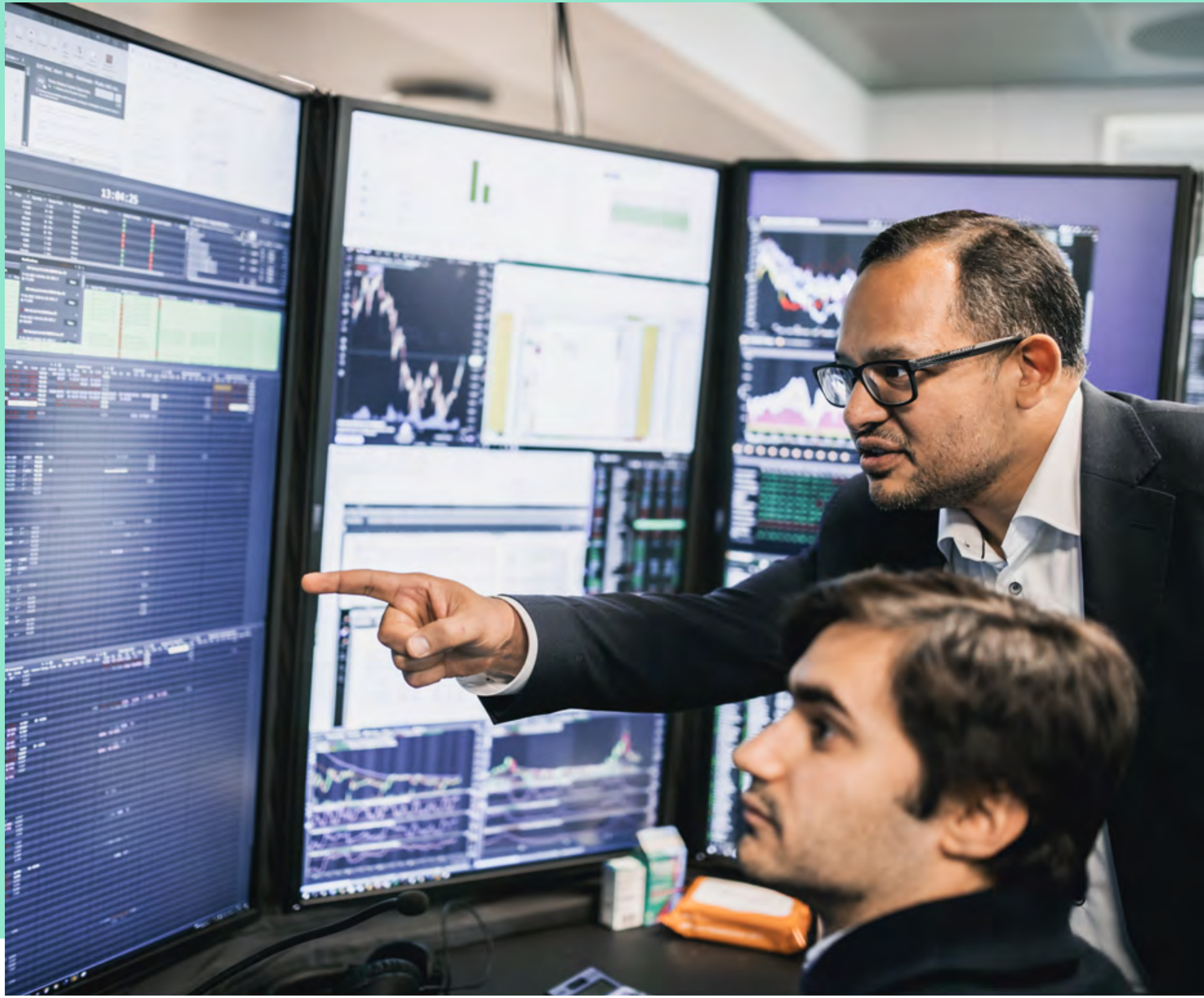
# Board of Directors

Collectively, the Board of Directors for Centrica Energy Trading A/S holds over 120 years of deep-seated industry experience from global commodity trading and energy markets.

Representing a diverse group of leaders raised in four different countries across three continents, our Board of Directors bring global experience and key industry skills spanning across the entire energy trading value chain including renewable energy solutions and management, ethics and compliance, general counsel, contract management, commodity trading. and finance.

Female representation among shareholder-elected board members has decreased from 50% to 25% in 2022 due to organisational changes in upper management. In response to Section 99(b) our objective is to maintain a diverse management team and we're therefore seeking to balance gender representation of shareholder-elected members, aiming to reach at least a 60% to 40% ratio by 2025. To reach our targets we will focus on both our internal talent pool and look to external candidates who bring the necessary industry insights and skill sets.

With due regard to the views of Centrica shareholders and other stakeholders, the Board governs and provides leadership and direction to the company. This includes steering corporate culture, values, and ethics, setting strategy and overseeing its implementation, monitoring risk management practices to ensure acceptable actions, as well as taking responsibility for the overall financial performance of Centrica Energy Trading A/S The Board formally convenes at least four times a year.



# Members of the Board

*This year proved the ultimate stress-test of our strategy, business, people and culture. I'm extraordinarily proud of what our people have managed to deliver, making important contributions to increasing European energy resilience and supply whilst stabilising markets turned upside down by the global energy crisis.*

## Cassim Mangerah
**CEO**

### MD at Centrica Energy Marketing & Trading

Cassim holds 26+ years of experience in the energy trading sector, and prior to joining Centrica in 2004, Cassim held positions at Enron and Williams. He holds a BEng from Bath University and is a chartered accountant.

*2022 was a very challenging year following the invasion of Ukraine and the ensuing energy crisis on a global scale. Against that heavy-hearted and complex backdrop, I am incredibly proud of the achievement of Centrica Trading over the last 12 months – stellar performance driven by each individual employee. I feel extremely privileged to Chair this business and am certain that the future holds endless possibilities for us as energy movers by nature.*

## Ailsa Zoya Longmuir
**Chair**

### General Counsel at Centrica Energy Marketing & Trading and Centrica Business Solutions

Ailsa brings 12+ years of experience in the energy sector, and prior to joining Centrica in 2011 she held a position at Jones Day. Beyond holding a Master of Arts in Jurisprudence from Oxford University, Ailsa is also pursuing an Executive MBA in Senior Leader master's degree from Henley Business School.

# Members of the Board

*I'm very proud to have joined the Centrica Energy Trading business in 2022. I'm joining a best-in-class commodity merchant of the future. The combination of our renewables management and our mature Power & Gas businesses incl. our UK based, but global LNG trading give us a distinct value proposition as the energy industry transitions. I'm looking forward to being part of this platform in the coming years.*

**John Park**
**Member**

### CFO of Centrica Trading

John brings 23+ years of experience in commodity trading and financial markets, having previously held positions at Trailstone UK Ltd and Deutsche Bank. John holds a BA (Hons) in Business Finance from Stellenbosch University and is a fellow member of the Chartered Institute of Management Accounts (CIMA).

*2022 was a particularly challenging year for the energy markets, characterized by high market volatility and high prices. Our results demonstrate the robustness of our mature trading platform and solid risk and capital management capabilities. I am proud of the excellent performance across all teams, despite the stress and uncertainty arising when operating in such a turbulent market environment.*

**Mandeep Bamal**
**Member**

### Director of Trading, Analytics and Algorithms at Centrica Trading

Mandeep holds 16+ years of experience in the energy trading sector, having previously held positions at Dong Energy (now Ørsted), EconGas and E.ON Energy. Mandeep holds a PhD in Engineering from KU Leuven and a B. Tech in Electrical Engineering from IIT Delhi.

*In 2022, we have seen energy becoming the center of attention within an increasingly tense geopolitical environment. Through market turbulence and uncertainty, I am proud that our organisation has shown new levels of resilience, where strong financial performance was driven by delivering on our critical role of enabling the renewable transition and supporting security of supply.*

**Kristian Gjerløv-Juel**
**Member**

### Director of Renewable Energy Trading & Optimisation at Centrica Trading

Kristian brings 17+ years of experience operating in energy commodity markets, having previously held positions at Neas Energy and Danske Commodities. Kristian holds a Master of Economics from Aalborg University.

# Members of the Board

*Energy trading in 2022 has been more abnormal and challenging than anyone could have imagined. I am proud that we have continued to service our counterparties, managed raising capital risks, and delivered solid returns to continue to invest in the green transition.*

## Peter Holm
**Member - Employee Elected**

### Head of Green Desk at Centrica Trading

Peter brings 12+ years of commercial and managerial experience in the energy sector and has previously held positions in Rambøll and as Captain in the Danish Armed Forces. Peter holds a Master of Science in Engineering from Aalborg University.

*It has been a year I don't think many could have foreseen. The terrible war in Ukraine and the subsequent shockwaves sent through energy markets have kept the Board on their feet - working to safely navigate the business through the turbulent conditions of 2022.*

## Susanne Dalsgaard Christensen
**Member - Employee Elected**

### Head of Contract Management at Centrica Trading

Susanne brings 14+ years of experience working across leadership and operational positions across Centrica's origination and renewables domain. Susanne holds a Graduate Diploma in Business Administration from Aarhus University.

# Financial Review

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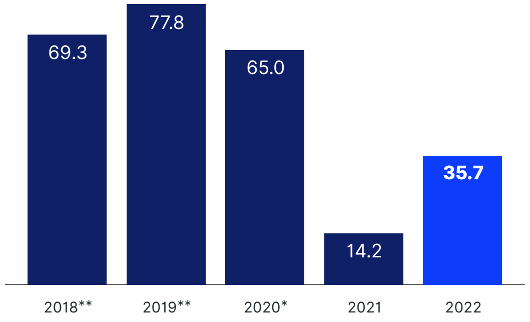
# Financial Performance

Our financial performance is applicable to both the consolidated and parent company. For the financial year 2022 and going forward, we are reporting according to International Finance Reporting Standards (IFRS), and no longer reporting according to the Danish Financial Statements Act. Changing our accounting principles aligns the reporting standards of Centrica plc and Centrica Energy Trading A/S and improves transparency and comparability of financial statements on an international level.

**Trading income and revenue**
billion DKK

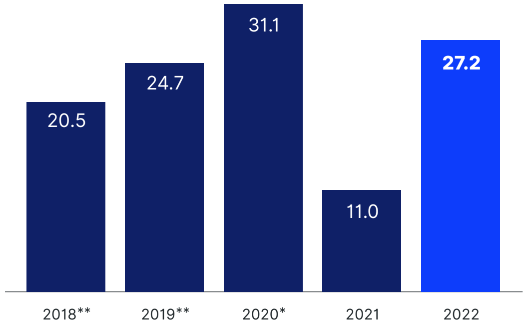



## Income statement

### Revenue

Revenue in 2022 was 35,702M DKK, increasing from 14,236M DKK in 2021. The primary driver behind this increase was elevated power and gas prices, however, growth in our contracted volume of PPAs and entry into new gas markets also contributed to increased revenue.

**Equity ratio**
%




### Gross Profit

Gross profit grew when compared to previous years, with 2022 generating a gross profit of 6,767M DKK compared to 935M DKK in 2021. Throughout the year we were able to capture value in highly volatile markets with elevated price levels. Algorithmic trading and increased use of advanced analytics continues to have a higher impact on overall profits.

In our 2021 Annual Report our expectations for 2022 gross profit were 1,400 - 2,000M DKK alongside an EBIT of 800 - 1,400M DKK. The geopolitical situation in 2022 increased the demand for moving energy between markets and the demand for other energy services. Due to the extraordinary market circumstances experienced in 2022, profits exceeded our expectations.

### Staff Costs

Salary costs per employee this year were DKK 1.9m, driven by growth in base pay levels and results for the year driving higher performance pay-outs. As part of Centrica plc, Centrica Energy Trading A/S has capped all bonus performance schemes in line with Centrica Group policies.

* Comparative figures and ratios for 2020 have not been adapted to reflect changes in accounting principles in 2022 from Danish GAAP to IFRS.
** Comparative figures and ratios for 2018 and 2019 have not been adapted to reflect changes in accounting principles in 2021. Comparative figures and ratios for 2018 and 2019 only include the parent company. 2020-2022 represent consolidated group figures and ratios.

## Balance sheet

### Inventories

Higher gas prices in 2022 compared to 2021, as well as an increased volume, has increased the value of gas storages as of year-end.

### Other balance sheet Items

Other items on the balance sheet have increased slightly, correlating with increased prices.

## Cash Flow Statement

Total net cash flow for 2022 amounted to 2,350.2M compared to 475.8M DKK in 2021. Increase in net working capital and cash pool arrangements are the main drivers for offsetting higher operating profit. Total net cash flow for the year of 2,350.2M DKK can be summarised as profit before tax of 5,831.9M DKK adjusted for negative cash flow of 494.7M DKK from change in net working capital, negative cash flow of 2,867.2M DKK from change in cash pool arrangements and negative cash flow of 119.8M DKK from other activities.

## Outlook

Since the beginning of 2023, prices and volatility in energy markets have fallen and begun to normalise. Our robust and diversified business model has stood strong under turbulent market conditions, and as market conditions have normalised, we've seen a slight decline in the demand for energy hedging and risk management services. We expect this trend to continue trough 2023. We are positioned to deliver strong financial performance in 2023, with financial forecasts indicating a Gross Profit of 1,500M DKK - 2,000M DKK and Operating Profit of 800M - 1,300M DKK.

*Our robust and diversified business model has stood strong under turbulent market conditions, and combined with the excellence delivered by our people, we have been able to deliver strong financial results and an important contribution to balancing European markets undergoing a supply crisis.*

**Rasmus Søgaard Barslund**
CFO EM&T Europe

# Managing Risks

Integral to our business model is managing a variety of risks including market risk, foreign exchange risk, liquidity risk and credit risk. We follow Centrica Energy Marketing & Trading's risk policy, which is designed to identify, manage, and mitigate these risks.

## Market Risk

Holding a portfolio of long-term Power Purchase Agreements alongside power and gas derivatives, we are exposed to fluctuations in power and gas prices across Europe. Fluctuations in commodity prices can have negative impacts on our earnings, so we mitigate price risk by hedging commodity prices in accordance with individual business unit policies and directives, including appropriate escalation routes.

## Foreign Exchange Risk

The majority of our transactions are carried out in EUR and to some extent GBP, which results in exposure to currency risk on these currencies. To mitigate this risk, we hedge exchange rates. Treasury risk management, including management of currency risk is carried out by a Treasury function in accordance with the Group's financing and treasury policy.

## Liquidity Risk

Liquidity risk is the risk that we are unable to meet our financial obligations as they fall due. We experienced significant movements in our liquidity position due primarily to the seasonal nature of our business and margin cash arrangements associated with certain wholesale commodity contracts. To mitigate this risk we maintain 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. Treasury risk management, including management of liquidity risk is carried out by a Treasury function in accordance with the Group's financing and treasury policy.

## Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability or failure to discharge its obligations under a contract. Our Power Purchase Agreements and trading activities expose us to credit risks as the market value of our positions fluctuates. Our Credit Risk team monitors risk on an ongoing basis and takes mitigating actions when appropriate, managing risk in accordance with Centrica Energy Marketing & Trading's risk policy.

For further description refer to note 18.

# Statement by Management on the annual report

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 01.01.2022 – 31.12.2022.

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 31.12.2022 as well as of the results of their operations and the Group's and the Parent's cash flows for the financial year 01.01.2022 – 31.12.2022.

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, 12.06.2023

**Executive Board**

Cassim Mangerah
*CEO*

**Board of Directors**

Ailsa Zoya Longmuir
*Chair of the Board*

John Park
*Board member*

Mandeep Bamal
*Board member*

Kristian Gjerløv-Juel
*Board member*

Susanne Majbritt Lindbjerg Dalsgaard Christensen
*Board member*
*(Employee elected)*

Peter Holm
*Board member*
*(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 01.01.2022 - 31.12.2022, 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 31.12.2022, and of the results of their operations and cash flows for the financial year 01.01.2022 - 31.12.2022 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 under the Danish Financial Statements Act.

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 Danish Financial Statements Act. 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 International Financial Reporting 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, 12.06.2023

**Deloitte**
Statsautoriseret Revisionspartnerselskab CVR No. 33963556

Lars Birner Sørensen
State Authorised Public Accountant
Identification No (MNE) mne11671

Sami Nikolai El-Galaly
State Authorised Public Accountant
Identification No (MNE) mne42793

# Financial Statements

**IN THIS SECTION**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Group

# Income statement

| Amounts in TDKK | Note | 2022 | 2021 |
|---|---|---|---|
| **Trading income and revenue** | 6 | **35,702,027** | **14,236,241** |
| Cost of sales | | -28,934,803 | -13,301,328 |
| **Gross profit** | | **6,767,224** | **934,913** |
| Other operating income | | 21,613 | 29,462 |
| Other external expenses | | -179,456 | -104,352 |
| Staff costs | 7 | -691,970 | -307,897 |
| **Profit before amortisation and depreciation** | | **5,917,411** | **552,126** |
| Depreciation, amortisation and impairment losses | | -31,933 | -29,566 |
| **Operating profit** | | **5,885,478** | **522,560** |
| Income from investments in associates using the equity method | | 1,028 | -103 |
| Financial income | 8 | 24,007 | 119,542 |
| Financial expenses | 9 | -78,649 | -15,785 |
| **Profit before tax** | | **5,831,864** | **626,214** |
| Tax on profit | 10 | -1,176,079 | -135,982 |
| **Profit for the year** | | **4,655,785** | **490,232** |

# Statement of comprehensive income

| Amounts in TDKK | Note | 2022 | 2021 |
|---|---|---|---|
| **Profit for the year** | | **4,655,785** | **490,232** |
| **Other comprehensive income** | | | |
| **Items that will be or have been reclassified to the Income Statement:** | | | |
| Exchange differences on translation of foreign operations | | 21,536 | 6,849 |
| **Other comprehensive income, net of taxation** | | **21,536** | **6,849** |
| **Profit before amortisation and depreciation** | | **4,677,321** | **497,081** |

Group

# Balance sheet

## Assets

| Amounts in TDKK | Note | 2022 | 2021 | 1 January 2021 |
|---|---|---|---|---|
| Development projects | | 61,795 | 59,314 | 55,170 |
| Development projects in progress | | 21,303 | 20,168 | 25,713 |
| **Intangible assets** | 11 | **83,098** | **79,482** | **80,883** |
| Land and buildings | | 111,671 | 114,475 | 118,259 |
| Plant and equipment | | 6,735 | 8,065 | 9,575 |
| Plant and equipment in progress | | 0 | 728 | 1,354 |
| **Property, plant and equipment** | 12 | **118,406** | **123,268** | **129,188** |
| Investments in associates | | 7,704 | 6,677 | 6,783 |
| **Investments accounted for using the equity method** | | **7,704** | **6,677** | **6,783** |
| **Non-current assets** | | **209,208** | **209,427** | **216,854** |
| Inventories | 13 | 2,552,725 | 1,678,748 | 490,316 |
| Trade receivables | 18 | 4,418,027 | 4,626,018 | 1,076,361 |
| Other receivables | | 42,309 | 56,609 | 71,538 |
| Deposits related to trading | | 2,090,388 | 3,121,528 | 335,573 |
| Receivables from group enterprises | | 3,706,447 | 189,186 | 791,772 |
| Receivables from associates | | 5,425 | 5,208 | 7,014 |
| Prepayments | | 151,025 | 71,626 | 60,561 |
| Derivative financial instruments | 18,19 | 7,939,582 | 7,015,778 | 903,267 |
| Cash and cash equivalents | | 3,340,236 | 990,004 | 514,028 |
| **Current assets** | | **24,246,164** | **17,754,705** | **4,250,430** |
| **Assets** | | **24,455,372** | **17,964,132** | **4,467,284** |

## Equity and liabilities

| Amounts in TDKK | Note | 2022 | 2021 | 1 January 2021 |
|---|---|---|---|---|
| Share capital | | 123,507 | 123,507 | 123,507 |
| Foreign currency translation reserve | | 22,880 | 1,344 | -5,505 |
| Retained earnings | | 6,513,034 | 1,857,249 | 1,367,017 |
| **Equity** | | **6,659,421** | **1,982,100** | **1,485,019** |
| Provision for deferred tax | 10 | 9,041 | 7,675 | 51,742 |
| Derivative financial instruments | 18,19 | 2,547,253 | 813,091 | 150,817 |
| Other payables | 14 | 20,194 | 20,328 | 16,860 |
| **Non-current liabilities** | | **2,576,488** | **841,094** | **219,419** |
| Trade payables | 18 | 5,226,007 | 4,372,602 | 1,298,971 |
| Other payables | | 453,302 | 181,018 | 111,461 |
| Deposits related to trading | | 3,162,595 | 1,380,289 | 127,639 |
| Debt to group enterprises | | 10,475 | 2,308,941 | 91,699 |
| Other provisions | 15 | 22,504 | 31,354 | 31,354 |
| Derivative financial instruments | 18,19 | 5,148,334 | 6,701,620 | 1,013,551 |
| Income tax payable | | 1,185,071 | 151,855 | 74,168 |
| Deferred income | | 11,175 | 13,259 | 14,003 |
| **Current liabilities** | | **15,219,463** | **15,140,938** | **2,762,846** |
| **Liabilities** | | **17,795,951** | **15,982,032** | **2,982,265** |
| **Equity and liabilities** | | **24,455,372** | **17,964,132** | **4,467,284** |

Group

# Statement of changes in equity

| Amounts in TDKK | Share capital | Foreign currency translation reserve | Retained earnings | Total |
|---|---|---|---|---|
| **2022** | | | | |
| **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** |
| **Balance as of 31.12.2022** | **123,507** | **22,880** | **6,513,034** | **6,659,421** |
| **2021** | | | | |
| **Balance as of 01.01.2021** | **123,507** | **-5,505** | **1,204,516** | **1,322,518** |
| Adjustments related to IFRS conversion | 0 | 0 | 208,335 | 208,335 |
| Tax of adjustments related to IFRS conversion | 0 | 0 | -45,834 | -45,834 |
| **Restated balance as of 01.01.2021** | **123,507** | **-5,505** | **1,367,017** | **1,485,019** |
| Profit/loss for the year | 0 | 0 | 490,232 | 490,232 |
| Other comprehensive income for the year | 0 | 6,849 | 0 | 6,849 |
| **Total comprehensive income for the year** | **0** | **6,849** | **490,232** | **497,081** |
| **Balance as of 31.12.2021** | **123,507** | **1,344** | **1,857,249** | **1,982,100** |

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.

Group

# Cash flow statement

| Amounts in TDKK | Note | 2022 | 2021 |
|---|---|---|---|
| **Profit before tax** | | **5,831,864** | **626,214** |
| Adjustment of non-cash items | | 30,909 | 238,013 |
| **Operating profit adjusted for non-liquid items** | | **5,862,773** | **864,227** |
| Corporation tax paid | | -141,497 | -102,362 |
| **Changes in net working capital:** | | | |
| Receivables | | -400,080 | -13,906,996 |
| Inventories | | -873,977 | -1,396,767 |
| Payables | | 779,337 | 12,966,147 |
| **Net cash flow from operating activities** | | **5,226,556** | **-1,575,751** |
| **Investment in non-current assets:** | | | |
| Purchase of intangible assets | | -28,805 | -20,765 |
| Purchase of property, plant and equipment | | -1,885 | -1,480 |
| **Net cash flow from investing activities** | | **-30,690** | **-22,245** |
| Net change in group cashpool arrangements | | -2,867,170 | 2,067,129 |
| **Net cash flow from financing activities** | | **-2,867,170** | **2,067,129** |
| Net foreign exchange difference | | 21,536 | 6,843 |
| **Total net cash flow for the year** | | **2,350,232** | **475,976** |
| Cash at the beginning of the year | | 990,004 | 514,028 |
| **Cash at the end of the year** | | **3,340,236** | **990,004** |
| **Cash at end of year specified as follows:** | | | |
| Cash | | 3,340,236 | 990,004 |
| **Total** | | **3,340,236** | **990,004** |

Group
# Notes

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Group

# 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 2022, presented in the Annual Report 2022 comprise both consolidated financial statements of Centrica Energy Trading A/S and its subsidiaries (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 5.

## 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 5. 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 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.

For all periods up to and including the year ended 31 December 2021, the Group prepared its Financial Statements in accordance with local generally accepted accounting principles (The Danish Financial Statements Act) including the use of International Financial Reporting Standards for recognition, measurement and presentation and disclosure of financial instruments in accordance with IFRS 7, IFRS 9 and IFRS 13. These Financial Statements for the year ended 31 December 2022 are the first the Group has prepared in accordance with IFRS. Refer to note 3 for information on how the Group adopted IFRS. Centrica Energy Trading A/S has prepared the consolidated Financial Statements in accordance with all IFRS standards effective at 31 December 2022, the transition date being 1 January 2021. The fiscal year for the Group is 1 January – 31 December.

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) Implementation of the International Financial Reporting Standards**

Refer to note 4 for comments relating to the implementation of the international Financial Reporting Standards and the effect on historically reported numbers.

Group

# Notes

## 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 net and gross income**

Management uses significant judgements when determining presentation of income from complex contracts that contain certain sales of goods or services that are not clearly defined within the IFRS framework. In this assessment, management takes into consideration both the individual characteristics of the goods and services and the nature of the promise within the context of the contract under the relevant legal and regulatory framework as well as assessing whether the Group acts as principal or agent to determine the appropriate presentation of income.

**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, a practice of net settlement is present, and the contracts are considered to meet the conditions in IFRS 9 for fair value option and treated as derivatives.

**Physical Gas Storage**

Physical Gas Storage 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. There is no practice of net settling therefore Physical Gas Storage is out of scope of IFRS 9.

**Gas capacity**

Gas cross-border capacity contracts do not fall within the scope of IFRS 9 and do not require marking. The contracts contain no net settlement terms and there is no past practice of net settling similar contracts. There is no active market for gas cross-border capacities and therefore no established practice of profiting from short-term price fluctuations.

**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 marked at fair value.

**(b) Key sources of estimation uncertainty**

This section below details the assumptions the 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 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 fair value of derivative financial instruments held on the balance sheet as of 31 December 2022 was 244 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 directly to value the storages. The fair value of gas trading inventories held at fair value held on the balance sheet as of 31 December 2022 was 2,453 mDKK.

Group

# Notes

## 4 First time adoption

This section details the reclassification and adjustments to the profit and loss statement and the balance sheet made accordingly with the first time adoption of IFRS.

The Group has for the year ended 31 December 2022 prepared the financial statements in accordance with IFRS for the first time. For periods up to and including the year ended 31 December 2021, The Group prepared its Financial Statements in accordance with the Danish Financial Statements Act.

Accordingly, the Group has prepared Financial Statements that comply with IFRS applicable at 31 December 2022 together with the comparative period data for the year ended 31 December 2021. In preparing the Financial Statements, the Group's opening statement of financial position was prepared at 1 January 2021, The Group's date of transition to IFRS. This note explains the principal adjustments made by the Group in restating its local GAAP Financial Statements, including the statement of financial position at 1 January 2021 and the Financial Statements at 31 December 2021.

In connection with the preparation of the Financial Statements, the following reclassification and adjustments to the profit and loss statement and the balance sheet were performed.

**(a) Change in measurement of gas trading inventories**
Gas trading inventories have been measured at fair value less cost to sell, resulting in a material increase of inventory value 1 January 2021. Under local GAAP, gas inventories were measured at the lower of cost according to a FIFO cost formula and net realisable value.

**(b) Revenue**
Under local GAAP, all contracts for sale of non-financial items with physical delivery have been presented gross as revenue. IFRS facts and circumstances and current interpretations of the framework have resulted in net presentation of all contracts in the Group's trading activities irrespectively of physical delivery. This net presentation results in a material amount of purchase contracts presented as "cost of sales" under local GAAP reclassified and presented net together with the sales contracts in "revenue".

| | | **1 January - 31 December 2021** | | |
|---|---|---|---|---|
| Amounts in TDKK | **Reference** | **Local GAAP** | **Reclassification and re-measurements** | **IFRS** |
| **Consolidated income statement 1 January - 31 December 2021** | | | | |
| **Trading income and revenue** | (b) | **159,121,540** | **-144,885,299** | **14,236,241** |
| Cost of sales | (a),(b) | -157,978,292 | 144,676,964 | -13,301,328 |
| **Gross profit** | | **1,143,248** | **-208,335** | **934,913** |
| Other operating income | | 29,462 | 0 | 29,462 |
| Other external expenses | | -104,352 | 0 | -104,352 |
| Staff costs | | -307,897 | 0 | -307,897 |
| **Profit before amortisation and depreciation** | | **760,461** | **-208,335** | **552,126** |
| Depreciation, amortisation and impairment losses | | -29,566 | 0 | -29,566 |
| **Operating profit** | | **730,895** | **-208,335** | **522,560** |
| Income from investments in associates using the equity method | | -103 | 0 | -103 |
| Financial income | | 119,542 | 0 | 119,542 |
| Financial expenses | | -15,785 | 0 | -15,785 |
| **Profit before tax** | | **834,549** | **-208,335** | **626,214** |
| Tax on profit | (a) | -181,816 | 45,834 | -135,982 |
| **Profit for the year** | | **652,733** | **-162,501** | **490,232** |

Group

# Notes

## 4 First time adoption – continued

| Amounts in TDKK | Reference | Balance sheet at 31 December 2021 | | | Balance sheet at 1 January 2021 | | |
|---|---|---|---|---|---|---|---|
| | | **Local GAAP** | **Reclassification and re-measurements** | **IFRS** | **Local GAAP** | **Reclassification and re-measurements** | **IFRS** |
| **Assets** | | | | | | | |
| Development projects | | 59,314 | 0 | 59,314 | 55,170 | 0 | 55,170 |
| Development projects in progress | | 20,168 | 0 | 20,168 | 25,713 | 0 | 25,713 |
| **Intangible assets** | | **79,482** | **0** | **79,482** | **80,883** | **0** | **80,883** |
| Land and buildings | | 114,475 | 0 | 114,475 | 118,259 | 0 | 118,259 |
| Plant and equipment | | 8,065 | 0 | 8,065 | 9,575 | 0 | 9,575 |
| Plant and equipment in progress | | 728 | 0 | 728 | 1,354 | 0 | 1,354 |
| **Property, plant and equipment** | | **123,268** | **0** | **123,268** | **129,188** | **0** | **129,188** |
| Investments in associates | | 6,677 | 0 | 6,677 | 6,783 | 0 | 6,783 |
| **Investments accounted for using the equity method** | | **6,677** | **0** | **6,677** | **6,783** | **0** | **6,783** |
| **Non-current assets** | | **209,427** | **0** | **209,427** | **216,854** | **0** | **216,854** |
| Inventories | (a) | 1,678,748 | 0 | 1,678,748 | 281,981 | 208,335 | 490,316 |
| Trade receivables | | 4,626,018 | 0 | 4,626,018 | 1,076,361 | 0 | 1,076,361 |
| Other receivables | | 56,609 | 0 | 56,609 | 71,538 | 0 | 71,538 |
| Deposits related to trading | | 3,121,528 | 0 | 3,121,528 | 335,573 | 0 | 335,573 |
| Receivables from group enterprises | | 189,186 | 0 | 189,186 | 791,772 | 0 | 791,772 |
| Receivables from associates | | 5,208 | 0 | 5,208 | 7,014 | 0 | 7,014 |
| Prepayments | | 71,626 | 0 | 71,626 | 60,561 | 0 | 60,561 |
| Derivative financial instruments | | 7,015,778 | 0 | 7,015,778 | 903,267 | 0 | 903,267 |
| Cash and cash equivalents | | 990,004 | 0 | 990,004 | 514,028 | 0 | 514,028 |
| **Current assets** | | **17,754,705** | **0** | **17,754,705** | **4,042,095** | **208,335** | **4,250,430** |
| **Assets** | | **17,964,132** | **0** | **17,964,132** | **4,258,949** | **208,335** | **4,467,284** |

Group

# Notes

## 4 First time adoption – continued

| Amounts in TDKK | Reference | Balance sheet at 31 December 2021 Local GAAP | Reclassification and re-measurements | IFRS | Balance sheet at 1 January 2021 Local GAAP | Reclassification and re-measurements | IFRS |
|---|---|---|---|---|---|---|---|
| **Equity and liabilities** | | | | | | | |
| Share capital | | 123,507 | 0 | 123,507 | 123,507 | 0 | 123,507 |
| Foreign currency translation reserve | | 1,344 | 0 | 1,344 | -5,505 | 0 | -5,505 |
| Retained earnings | (a) | 1,857,249 | 0 | 1,857,249 | 1,204,516 | 162,501 | 1,367,017 |
| **Equity** | | **1,982,100** | **0** | **1,982,100** | **1,322,518** | **162,501** | **1,485,019** |
| Provision for deferred tax | (a) | 7,675 | 0 | 7,675 | 5,908 | 45,834 | 51,742 |
| Derivative financial instruments | | 813,091 | 0 | 813,091 | 150,817 | 0 | 150,817 |
| Other payables | | 20,328 | 0 | 20,328 | 16,860 | 0 | 16,860 |
| **Non-current liabilities** | | **841,094** | **0** | **841,094** | **173,585** | **45,834** | **219,419** |
| Trade payables | | 4,372,602 | 0 | 4,372,602 | 1,298,971 | 0 | 1,298,971 |
| Other payables | | 181,018 | 0 | 181,018 | 111,461 | 0 | 111,461 |
| Deposits related to trading | | 1,380,289 | 0 | 1,380,289 | 127,639 | 0 | 127,639 |
| Debt to group enterprises | | 2,308,941 | 0 | 2,308,941 | 91,699 | 0 | 91,699 |
| Other provisions | | 31,354 | 0 | 31,354 | 31,354 | 0 | 31,354 |
| Derivative financial instruments | | 6,701,620 | 0 | 6,701,620 | 1,013,551 | 0 | 1,013,551 |
| Income tax payable | | 151,855 | 0 | 151,855 | 74,168 | 0 | 74,168 |
| Deferred income | | 13,259 | 0 | 13,259 | 14,003 | 0 | 14,003 |
| **Current liabilities** | | **15,140,938** | **0** | **15,140,938** | **2,762,846** | **0** | **2,762,846** |
| **Liabilities** | | **15,982,032** | **0** | **15,982,032** | **2,936,431** | **45,834** | **2,982,265** |
| **Equity and liabilities** | | **17,964,132** | **0** | **17,964,132** | **4,258,949** | **208,335** | **4,467,284** |

Group

# Notes

## 5 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 Company and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Company, 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 Company 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.

**Translation of foreign currency**
In preparing the financial statements of the parent company and each of the Group's subsidiaries, transactions in currencies other than the entity's functional currency are recognised at the exchange rate at the transaction date. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the balance sheet date exchange rates. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing when the fair value was determined. Other non-monetary items measured in terms of historical cost are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements in DKK, the assets and liabilties of the Group's entities with functional currencies other than DKK, are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising are recognised in other comprehensive income and accumulated in a separate component of equity.

**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**
Trading income comprises net gains and losses arising from trading within energy commodity derivatives. The energy commodity derivatives make up Centrica Energy Trading'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, a practice of net settlement is present, and the contracts are considered in scope of IFRS 9 and treated as derivatives.

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 recognised in the income statement as revenue. As additional reserves are applied as part of the fair value to adjust for the risk of overestimation effectively, a lower valuation price for both bids and offers respectively occurs.

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.

Group

# Notes

## 5 Summary of significant accounting policies – continued

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

**(b) Revenue from contracts with customers**
Revenue 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, that being, 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.

The sale of Power is settled daily.

Revenue from sale of certificates comprises the sale of certificates sourced from producers. Revenue is recognised when control of the climate certificate is transferred to the buyer being 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, 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 and 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% |
| Software | 3-5 years | 0% |
| Plant and equipment | 5 years | 0% |

**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 value of the asset in continued use or from sale. 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 where these aim to develop a particular product or system that the company intends to produce with the intention for use in own production. Other development costs are recognised in the income statement in the year they are incurred.

Capitalised development costs are amortised from the time of completion the product or system linearly over the period where they are expected to generate economic benefits.

In the balance sheet intangible assets are shown as software and all assets within this category are own developed assets.

**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 labour consumption, materials, components and subcontractors.

Group

# Notes

## 5 Summary of significant accounting policies – continued

**Inventories**
**(a) Gas inventories**
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 directly 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.

**Derivative financial instruments**
Centrica Energy Trading routinely enters sale and purchase transactions for physical delivery of gas and power.

A considerable part of these purchase and sales contracts for the physical delivery of gas and power are within the scope of IFRS 9 due to the fact that they net settle or contain written options. Such contracts are accounted for as derivatives under IFRS 9 and are recognised in the Balance Sheet at fair value.

Centrica Energy Trading uses a range of derivatives for both trading and to hedge exposures to energy price risks, arising in the normal course of business.

All derivatives are recognised at fair value on the date on which the derivative is entered and are re-measured to fair value at each reporting date. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative assets and derivative 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 derivative contracts is present.

The Group enters certain energy derivative contracts covering periods for which observable market data does not exist. The fair value of such derivatives 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

## 5 Summary of significant accounting policies – continued

recognition for such contracts differs from the 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:** $\frac{\text{Equity at year-end}}{\text{Total assets}}$

## 6 Trading income and revenue

| Amounts in TDKK | 2022 | 2021 |
|---|---|---|
| **Trading income, net** | | |
| Realised trading income | 6,993,091 | -845,852 |
| Net change in fair value of commodity derivatives held for trading | 1,107,370 | 495,398 |
| Net change in fair value of inventory held for trading | 862,263 | 1,164,135 |
| **Revenue from contracts with customers** | | |
| Sales of climate certificates | 1,256,448 | 1,015,251 |
| Sales of power and energy related services | 25,482,855 | 12,407,309 |
| **Trading income and revenue** | **35,702,027** | **14,236,241** |

Group

# Notes

## 7 Staff costs

| Amounts in TDKK | 2022 | 2021 |
|---|---|---|
| Wages and salaries | 663,901 | 283,533 |
| Pension costs | 16,881 | 14,486 |
| Other social security costs | 3,819 | 3,268 |
| Other staff costs | 7,369 | 6,610 |
| **Total** | **691,970** | **307,897** |
| **Average number of employees** | **361** | **325** |

## 8 Financial income

| Amounts in TDKK | 2022 | 2021 |
|---|---|---|
| Interest income from group enterprises | 13,437 | 108,766 |
| Interest income from associates | 218 | 241 |
| Exchange rate adjustments | 0 | 10,427 |
| Other interest income | 10,352 | 108 |
| **Total** | **24,007** | **119,542** |

## 9 Financial expenses

| Amounts in TDKK | 2022 | 2021 |
|---|---|---|
| Guarantee provision | 2,637 | 1,966 |
| Exchange rate adjustments | 20,716 | 0 |
| Interest expenses* | 55,296 | 13,819 |
| **Total** | **78,649** | **15,785** |

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

## 10 Tax on profit from ordinary activities

| Amounts in TDKK | 2022 | 2021 |
|---|---|---|
| Tax on current year taxable income | 1,220,869 | 133,204 |
| Change in deferred tax for the year | 1,366 | -2,054 |
| Correction to current tax, previous years | -46,156 | 1,011 |
| Correction to deferred tax, previous years | 0 | 3,821 |
| **Total** | **1,176,079** | **135,982** |
| Deferred tax is computed at 22% and is broken down as follows: | | |
| Intangible assets | 18,281 | 17,485 |
| Plant and equipment | -4,269 | -2,886 |
| Current assets | -4,971 | -6,924 |
| **Total provision for deferred tax, closing balance** | **9,041** | **7,675** |
| Total provision for deferred tax, opening balance | 7,675 | 5,908 |
| **Provision for deferred tax for the year** | 1,366 | **1,767** |
| The total contribution for the year is specified as follows: | | |
| Profit for the year before tax | 5,831,864 | 626,214 |
| Adjustments (non-deductable) | 6,942 | -9,706 |
| Tax on profit/loss for the year | 1,222,235 | 131,150 |
| **Effective tax rate** | **21.0%** | **20.9%** |
| **Tax on profit (loss) for the year can be explained as follows:** | | |
| Calculated tax (22 %) | 1,283,010 | 137,767 |
| Calculated tax in foreign subsidiaries in relation to 22 % | -62,302 | -4,482 |
| Non-deductible costs and non-taxable income | 1,527 | -2,135 |
| **Effective tax for the year** | **1,222,235** | **131,150** |

Group

# Notes

## 11 Intangible assets

| Amounts in TDKK | 2022 | 2021 |
|---|---|---|
| **Development projects** | | |
| Cost price as of 01.01.2022 | 227,967 | 202,810 |
| Transfers during the year | 27,670 | 26,310 |
| Disposals during the year | 0 | -1,153 |
| **Cost price as of 31.12.2022** | **255,637** | **227,967** |
| Amortisations as of 01.01.2022 | 168,653 | 147,640 |
| Amortisations during the year | 25,189 | 21,461 |
| Reversal of amortisations on disposals in the year | 0 | -448 |
| **Amortisations as of 31.12.2022** | **193,842** | **168,653** |
| **Book value as of 31.12.2022** | **61,795** | **59,314** |
| **Contractual rights** | | |
| Cost price as of 01.01.2022 | 1,516 | 1,516 |
| **Cost price as of 31.12.2022** | **1,516** | **1,516** |
| Amortisations as of 01.01.2022 | 1,516 | 1,516 |
| **Amortisations as of 31.12.2022** | **1,516** | **1,516** |
| **Book value as of 31.12.2022** | **0** | **0** |
| **Development projects in progress** | | |
| Cost price as of 01.01.2022 | 20,168 | 25,713 |
| Additions during the year | 28,805 | 20,765 |
| Transfers during the year | -27,670 | -26,310 |
| **Cost price as of 31.12.2022** | **21,303** | **20,168** |
| **Book value as of 31.12.2022** | **21,303** | **20,168** |
| **Booked value intangible assets as of 31.12.2022** | **83,098** | **79,482** |

Development projects consists of own developed software. The software is supporting the Asset Management business as well as the trading area (ETRM systems and Algo trading).

## 12 Property, plant and equipment

| Amounts in TDKK | 2022 | 2021 |
|---|---|---|
| **Land and buildings** | | |
| Cost price as of 01.01.2022 | 128,039 | 128,039 |
| Transfers during the year | 988 | 0 |
| **Cost price as of 31.12.2022** | **129,027** | **128,039** |
| Depreciation as of 01.01.2022 | 13,564 | 9,780 |
| Depreciation during the year | 3,792 | 3,784 |
| **Depreciation as of 31.12.2022** | **17,356** | **13,564** |
| **Book value as of 31.12.2022** | **111,671** | **114,475** |
| **Plant and equipment** | | |
| Cost price as of 01.01.2022 | 28,406 | 26,300 |
| Transfers during the year | 1,625 | 2,106 |
| **Cost price as of 31.12.2022** | **30,031** | **28,406** |
| Depreciation as of 01.01.2022 | 20,341 | 16,725 |
| Depreciation during the year | 2,955 | 3,616 |
| **Depreciation as of 31.12.2022** | **23,296** | **20,341** |
| **Book value as of 31.12.2022** | **6,735** | **8,065** |

Group

# Notes

## 12 Property, plant and equipment – continued

| Amounts in TDKK | 2022 | 2021 |
|---|---|---|
| **Plant and equipment in progress** | | |
| Cost price as of 01.01.2022 | 728 | 1,354 |
| Additions during the year | 1,884 | 1,480 |
| Transfers during the year | -2,612 | -2,106 |
| **Cost price as of 31.12.2022** | **0** | **728** |
| Depreciation as of 01.01.2022 | 0 | 0 |
| **Depreciation as of 31.12.2022** | **0** | **0** |
| **Book value as of 31.12.2022** | **0** | **728** |
| **Booked value property, plant and equipment as of 31.12.2022** | **118,406** | **123,268** |

## 13 Inventories

| Amounts in TDKK | 2022 | 2021 |
|---|---|---|
| Gas* | 2,453,428 | 1,591,165 |
| Certificates | 99,297 | 87,583 |
| **Total** | **2,552,725** | **1,678,748** |

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

| | | |
|---|---|---|
| **Cost of inventories expensed in the income statement** | | |
| Certificates | 329,712 | 189,285 |
| **Total** | **329,712** | **189,285** |

## 14 Other payables (non-current)

| Amounts in TDKK | 2022 | 2021 |
|---|---|---|
| Nominal value of debt | 20,194 | 20,328 |
| 2-5 years | 20,194 | 20,328 |
| After 5 years | 0 | 0 |
| **Total** | **20,194** | **20,328** |

## 15 Other provisions

Centrica Energy Trading A/S is part of a number of minor legal disputes which are expected to be settled in 2023. Management has made provisions of 22,504 TDKK which are considered to be sufficient to cover potential losses.

Group

# Notes

## 16 Commitments and leases

**(a) Commitments and leases**
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 | 2022 | 2021 |
|---|---|---|
| Commitments in relation to leases | 22,342 | 5,253 |
| Renewable obligation certificates | 3,637,263 | 3,714,702 |
| Commodity purchase contracts | 48,741,494 | 68,958,405 |
| Transportation capacity | 1,320,142 | 539,694 |
| **Total** | **53,721,241** | **73,218,054** |

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

| Amounts in TDKK | 2022 | 2021 |
|---|---|---|
| Within 1 year | 32,320,586 | 25,279,907 |
| 1-2 years | 5,863,568 | 6,595,988 |
| 2-3 years | 4,080,705 | 4,075,893 |
| 3-4 years | 2,538,034 | 3,736,536 |
| 4-5 years | 2,183,565 | 4,054,173 |
| After 5 years | 6,734,783 | 29,475,557 |
| **Total** | **53,721,241** | **73,218,054** |

**(b) Guarantees**

| Amounts in TDKK | 2022 | 2021 |
|---|---|---|
| The Group's banks have provided guarantees for contractual obligations guarantees at the balance sheet date amounted to | **1,611,004** | **1,119,099** |

## 17 Financial assets and liabilities by category

The table below shows Centrica Energy Trading'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 | 2022 | 2021 | 1 January 2021 |
|---|---|---|---|
| Derivative financial instruments* | 7,939,582 | 7,015,778 | 903,267 |
| **Financial assets measured at fair value through profit/loss** | **7,939,582** | **7,015,778** | **903,267** |
| Trade receivable | 4,418,027 | 4,626,018 | 1,076,361 |
| Deposits related to trading | 2,090,388 | 3,121,528 | 335,573 |
| Receivables from group enterprises | 3,706,447 | 189,186 | 791,772 |
| Cash and cash equivalents | 3,340,236 | 990,004 | 514,028 |
| **Financial assets measured at amortised cost** | **13,555,098** | **8,926,736** | **2,717,734** |
| Derivative financial instruments* | 7,695,587 | 7,514,711 | 1,164,368 |
| **Financial liabilities measured at fair value through profit/loss** | **7,695,587** | **7,514,711** | **1,164,368** |
| Trade payables | 5,226,007 | 4,372,602 | 1,298,971 |
| Deposits related to trading | 3,162,595 | 1,380,289 | 127,639 |
| Debt to group enterprises | 10,475 | 2,308,941 | 91,699 |
| **Financial liabilities measured at amortised cost** | **8,399,077** | **8,061,832** | **1,518,309** |

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

Group

# Notes

## 18 Financial risk management

As a result of the business model Centrica Energy Trading is exposed to a variety of financial risks: market risk (including commodity price risk and currency risk), credit risk, liquidity risk and capital risk. Centrica Energy Trading follows the Group's risk policy, which is designed to identify, manage and mitigate these risks.

To monitor and manage market risk, Centrica Energy Trading uses risk capital allocation. The allocation of risk capital helps management evaluate the development of Centrica Energy Trading's risk profile. Risk capital is monitored continually, ensuring immediate reaction to unexpected events. Commodity price risk management is carried out in accordance with individual business unit policies and directives including appropriate escalation routes.

Treasury risk management, including management of currency risk and liquidity risk is carried out by a Treasury function in accordance with the Group's financing, treasury and hedging policy. In accordance with the hedging policy, Centrica Energy Trading does not hedge out DKK positions, but hedges out all other material currency positions.

Credit risks associated with commodity trading are managed by a credit risk function in accordance with the Group's risk policy. Centrica Energy Trading continually reviews its rating thresholds for relevant counterparty credit limits and updates these as necessary, based on a consistent set of principles. It continues to operate within its limits. In respect of trading activities there is an effort to maintain a balance between exchange-based trading and bilateral transactions. This allows for a reasonable balance between counterparty credit risk and potential liquidity requirements. In addition, the Group actively manages the trade-off between credit and liquidity risks by optimising the use of contracts with collateral obligations and physically settled contracts without collateral obligations.

**Market risk management**
Market risk is the risk of loss that results from changes in market prices (commodity prices, foreign exchange rates and interest rates). The level of market risk to which Centrica Energy Trading 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**
As an energy trading company Centrica Energy Trading 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 using a standard Value-at-Risk metric (VaR) (1-day 95%) approach, based on Monte Carlo simulation with 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. The associated risk limits are set in the Risk Policy on the Group level and in the Risk Guidelines for the respective 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.

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

**(b) Interest rate risk management**
Centrica Energy Trading's exposure to the risk of changes in market interest rates relates primarily to interest-bearing receivables and liabilities. The exposure is not material, however.

**(c) Currency risk management**
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 Trading'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.

**(d) Sensitivity analysis**
IFRS 7 requires disclosure of a sensitivity analysis that is intended to illustrate the sensitivity of the company's financial position and performance to changes in market variables (commodity prices, foreign exchange rates and interest rates) as a result of changes in the fair value or cash flows associated with the company's financial instruments. The sensitivity analysis provided discloses the effect on profit or loss at 31 December 2022, assuming that a reasonably possible change in the relevant risk variable had occurred at 31 December 2022, 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.

Group
# Notes

## 18 Financial risk management – continued

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.

**(I) Transactional currency risk**
The company has performed an analysis of the sensitivity of the company's financial position and performance 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 profit are as follows:

**Incremental profit/(loss)**

| | 2022 | | 2021 | | 1 January 2021 | |
|---|---|---|---|---|---|---|
| | 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 | Reasonably possible change in currency | Impact on P/L and Equity before tax |
| DKK | +0.5% | 29,586 | +0.5% | 29,017 | +0.5% | 4,746 |
| | -0.5% | -29,586 | -0.5% | -29,017 | -0.5% | -4,746 |
| GBP | +10% | 83,794 | +10% | -41,227 | +10% | -3,161 |
| | -10% | -83,794 | -10% | 41,227 | -10% | 3,161 |

**(II) Interest rate risk**
The company consider exposure to the risk of changes in market interest rate as not material.

**(III) Commodity price risk**
The VaR numbers, as defined in the Risk Policy, reported ultimo 2022 and 2021 respectively are 24.7 mDKK and 85.9 mDKK. The average VaR utilization during 2022 and 2021 respectively was 63.7 mDKK and 28.3 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.

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.

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.

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

| | 2022 | | 2021 | | 1 January 2021 | |
|---|---|---|---|---|---|---|
| Amounts in TDKK | Price movement | Impact on P/L and Equity before tax | 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 | 510,179 | Increase | 116,895 | Increase | 33,703 |
| | Decrease | -514,332 | Decrease | -136,740 | Decrease | -33,703 |
| Level 3 Continental Power | Increase | 879,060 | Increase | 238,872 | Increase | 12,788 |
| | Decrease | -879,060 | Decrease | -238,872 | Decrease | -12,788 |
| Level 3 UK Power | Increase | 160,376 | Increase | 9,843 | Increase | 4,715 |
| | Decrease | -142,717 | Decrease | -13,259 | Decrease | -4,715 |
| Level 3 Europe Gas | Increase | 4,304,426 | Increase | -3,179,716 | Increase | -275,199 |
| | Decrease | -4,321,903 | Decrease | 3,176,157 | Decrease | 275,199 |
| Level 3 European Gas in Storage | Increase | 114,369 | Increase | 420,722 | Increase | 17,228 |
| | Decrease | -114,369 | Decrease | -420,722 | Decrease | -17,228 |

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.

**Liquidity risk management**
Liquidity risk is the risk that Centrica Energy Trading is unable to meet its financial obligations as they fall due. Centrica Energy Trading experiences significant movements in its liquidity position primarily due to the seasonal nature of its business and margin cash arrangements. To mitigate this risk Centrica Energy Trading 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 Trading's liquidity is impacted by the cash posted or received under margin and collateral agreements. The terms and conditions of these agreements depend on the counterparty and the specific details

Group

# Notes

## 18 Financial risk management – continued

of the transaction. Margin/collateral is generally posted or received to support energy trading. It is posted when contracts with marginable counterparties are out the money and received when contracts are in the money.

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

Centrica Energy Trading has had a positive cash flow and has a solid liquidity reserve to support the business, limiting the liquidity risk concerning obligations to customers and counterparts. The continuous focus on daily monitoring and reporting on liquidity to ensure optimal placement of cash relative to earnings has been maintained.

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

**2022**

| Amounts in TDKK | Ultimo 2022 | 2023 | 2024 | 2025 | After 2025 |
|---|---|---|---|---|---|
| Trade payables | 5,226,007 | 5,226,007 | 0 | 0 | 0 |
| Debt to Group enterprises | 10,475 | 10,475 | 0 | 0 | 0 |
| Fair value of physical and financial instruments | 7,695,587 | 5,148,555 | 747,684 | 401,388 | 1,397,960* |
| **Total** | **12,932,069** | **10,385,037** | **747,684** | **401,388** | **1,397,960** |

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

**2021**

| Amounts in TDKK | Ultimo 2021 | 2022 | 2023 | 2024 | After 2024 |
|---|---|---|---|---|---|
| Trade payables | 4,372,602 | 4,372,602 | 0 | 0 | 0 |
| Debt to Group enterprises | 2,308,941 | 2,308,941 | 0 | 0 | 0 |
| Fair value of physical and financial instruments | 7,514,711 | 6,701,620 | 534,816 | 115,448 | 162,827 |
| **Total** | **14,196,254** | **13,383,163** | **534,816** | **115,448** | **162,827** |

**1 January 2021**

| Amounts in TDKK | 1 January 2021 | 2021 | 2022 | 2023 | After 2023 |
|---|---|---|---|---|---|
| Trade payables | 1,298,971 | 1,298,971 | 0 | 0 | 0 |
| Debt to Group enterprises | 91,699 | 91,699 | 0 | 0 | 0 |
| Fair value of physical and financial instruments | 1,164,368 | 1,024,712 | 116,665 | -3,796 | 26,787 |
| **Total** | **2,555,038** | **2,415,382** | **116,665** | **-3,796** | **26,787** |

Centrica Energy Trading has credit facilities in form of guarantees at Euler Hermes 650 mDKK. At Sydbank the credit facility in form of guarantees is 180 mDKK, where 100 mDKK can be used as a cash overdraft.

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

According to Centrica Energy Trading's Risk Policy, all counterparts are required to be credit rated and an internal limit imposed defines the maximum exposure allowed. Credit evaluating each counterpart specifically creates this foundation by setting the basic boundaries for the trading activities. During and after onboarding, the credit team monitors the customer's or counterparty's credit worthiness and decides what should be done in order to enter a contract or a cooperation including the issues regarding bank guarantees, parent company guarantee, CSA etc. Centrica Energy Trading's credit risk monitoring covers a daily report of the overall credit lines and exposure to trading counterparts. The credit rating used in the analysis below has been taken from external credit rating bureau (Standard & Poors). Provision for loss debt was at the beginning of the year 9.9 mDKK. Given no use of provision through the year, and a need for 30.6 mDKK further, the provision at 31.12.2022 was 40.5 mDKK. Bad debt for the year was 30.4 mDKK.

**2022**

| Amounts in TDKK | Trade receivable | Fair value of physical and financial instruments | Total |
|---|---|---|---|
| **The credit quality of the group's counterparties** | | | |
| 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** |
| **Total** | **4,418,027** | **7,939,582** | **12,357,609** |

Group

# Notes

## 18 Financial risk management – continued

**2021**

| Amounts in TDKK | Trade receivable | Fair value of physical and financial instruments | Total |
|---|---|---|---|
| **The credit quality of the group's counterparties** | | | |
| Minimal risk (Rated A) | 1,606,842 | 1,056,545 | **2,663,387** |
| Low risk (Rated B) | 2,967,794 | 5,852,354 | **8,820,148** |
| High risk (Rated C) | 51,382 | 106,879 | **158,261** |
| **Total** | **4,626,018** | **7,015,778** | **11,641,796** |

**1 January 2021**

| Amounts in TDKK | Trade receivable | Fair value of physical and financial instruments | Total |
|---|---|---|---|
| **The credit quality of the group's counterparties** | | | |
| Minimal risk (Rated A) | 501,354 | 150,932 | **652,286** |
| Low risk (Rated B) | 543,745 | 749,391 | **1,293,136** |
| High risk (Rated C) | 31,262 | 2,944 | **34,206** |
| **Total** | **1,076,361** | **903,267** | **1,979,628** |

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

Minimal and low risk covers TSO's, Power Plants and A-rated counterparts. It is the assessment of Centrica Energy Trading that these counterparts carry no or only little credit risk as they are part of public security of supply or have high credit ratings. The category "Not rated" covers counterparts with smaller claims that have not been formally classified in the year-end process or counterparts without any formal rating.

Centrica Energy Trading carries out an evaluation of the credit risk towards any counterpart before trading is commenced.

Centrica Energy Trading enters 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 means that the actual cash settlement of the contracts is significantly lower. Offsetting is mainly done on specific counterparts on the specific product, but Centrica Energy Trading 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.

**2022**

| | | | | Related amounts not set off in the Group balance sheet | |
|---|---|---|---|---|---|
| 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 | Collateral | Net amount |
| **Offsetting of financial assets** | | | | | |
| Trade receivables | 16,576,024 | 12,157,997 | **4,418,027** | 0 | **4,418,027** |
| Receivables from group enterprises, current portion | 21,763,401 | 18,056,954 | **3,706,447** | 0 | **3,706,447** |
| Fair value of physical and financial instruments | 65,405,975 | 57,466,393 | **7,939,582** | 3,162,595 | **4,776,987** |
| **Total** | **103,745,400** | **87,681,344** | **16,064,056** | **3,162,595** | **12,901,461** |
| **Offsetting of financial liabilities** | | | | | |
| Trade payables | 17,384,004 | 12,157,997 | **5,226,007** | 279,945 | **4,946,062** |
| Payables to group enterprises | 18,067,429 | 18,056,954 | **10,475** | 0 | **10,475** |
| Fair value of physical and financial instruments | 65,161,980 | 57,466,393 | **7,695,587** | 1,493,194 | **6,202,393** |
| **Total** | **100,613,413** | **87,681,344** | **12,932,069** | **1,773,139** | **11,158,930** |

Group

# Notes

## 18 Financial risk management – continued

### 2021

| 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 | Related amounts not set off in the Group balance sheet: Net amount |
|---|---|---|---|---|---|
| **Offsetting of financial assets** | | | | | |
| Trade receivables | 13,255,230 | 8,629,212 | **4,626,018** | 0 | **4,626,018** |
| Receivables from group enterprises, current portion | 5,746,100 | 5,556,914 | **189,186** | 0 | **189,186** |
| Fair value of physical and financial instruments | 92,670,891 | 85,655,113 | **7,015,778** | 1,380,289 | **5,635,489** |
| **Total** | **111,672,221** | **99,841,239** | **11,830,982** | **1,380,289** | **10,450,693** |
| **Offsetting of financial liabilities** | | | | | |
| Trade payables | 13,001,814 | 8,629,212 | **4,372,602** | 58,064 | **4,314,538** |
| Payables to group enterprises | 7,865,855 | 5,556,914 | **2,308,941** | 0 | **2,308,941** |
| Fair value of physical and financial instruments | 93,169,824 | 85,655,113 | **7,514,711** | 1,402,335 | **6,112,376** |
| **Total** | **114,037,493** | **99,841,239** | **14,196,254** | **1,460,399** | **12,735,855** |

### 1 January 2021

| 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 | Related amounts not set off in the Group balance sheet: Net amount |
|---|---|---|---|---|---|
| **Offsetting of financial assets** | | | | | |
| Trade receivables | 5,058,788 | 3,982,427 | **1,076,361** | 0 | **1,076,361** |
| Receivables from group enterprises, current portion | 1,414,583 | 622,811 | **791,772** | 0 | **791,772** |
| Fair value of physical and financial instruments | 7,308,342 | 6,405,075 | **903,267** | 127,639 | **775,628** |
| **Total** | **13,781,713** | **11,010,313** | **2,771,400** | **127,639** | **2,643,761** |
| **Offsetting of financial liabilities** | | | | | |
| Trade payables | 5,281,398 | 3,982,427 | **1,298,971** | 43,226 | **1,255,745** |
| Payables to group enterprises | 714,510 | 622,811 | **91,699** | 0 | **91,699** |
| Fair value of physical and financial instruments | 7,569,443 | 6,405,075 | **1,164,368** | 243,151 | **921,217** |
| **Total** | **13,565,351** | **11,010,313** | **2,555,038** | **286,377** | **2,268,661** |

Group

# 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 | 2022 | 2021 | 1 January 2021 |
|---|---|---|---|
| Debt | 10,100,364 | 8,467,321 | 1,817,897 |
| Cash and cash equivalents | 3,340,236 | 990,004 | 514,028 |
| **Net debt** | **6,760,128** | **7,477,317** | **1,303,869** |
| | | | |
| **Equity** | **6,659,421** | **1,982,100** | **1,485,019** |
| | | | |
| **Net debt to equity ratio (%)** | **102%** | **377%** | **88%** |

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 the operating profit in the year, decreasing the need for funding from the parent company.

## 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.

## 19 Fair value of financial instruments – continued

**(a) Fair value hierarchy**

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.

**2022**

| Amounts in TDKK | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Power – linear contracts | 0 | 2,854,153 | 3,022,719 | 5,876,871 |
| 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 |
| **Total financial assets** | **0** | **4,782,720** | **3,156,862** | **7,939,582** |
| **Non-financial assets** | | | | |
| Gas trading inventories at fair value | 0 | 2,315,262 | 138,166 | 2,453,428 |
| **Financial liabilities** | | | | |
| Power – linear contracts | 0 | -1,271,843 | -3,354,233 | -4,626,076 |
| 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 |
| **Total financial liabilities** | **0** | **-1,493,341** | **-6,202,246** | **-7,695,587** |
| | | | | |
| **Total financial assets and liabilities** | **0** | **3,289,379** | **-3,045,384** | **243,995** |

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

Group

# Notes

## 19 Fair value of financial instruments – continued

**2021**

| Amounts in TDKK | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Power – linear contracts | 0 | 2,867,019 | 1,871,781 | 4,738,801 |
| Power – non-linear contracts | 0 | 0 | 176,406 | 176,406 |
| Gas* | 0 | 2,946,959 | -831,501 | 2,115,458 |
| Other* | 0 | -14,886 | 0 | -14,886 |
| **Total financial assets** | **0** | **5,799,093** | **1,216,686** | **7,015,778** |
| **Non-financial assets** | | | | |
| Gas trading inventories at fair value | 0 | 1,283,773 | 307,392 | 1,591,165 |
| **Financial liabilities** | | | | |
| Power – linear contracts | 0 | -2,764,025 | -1,056,193 | -3,820,218 |
| Power – non-linear contracts | 0 | 0 | -217,366 | -217,366 |
| Gas | 0 | -1,076,436 | -2,344,248 | -3,420,684 |
| Other | 0 | -56,443 | 0 | -56,443 |
| **Total financial liabilities** | **0** | **-3,896,904** | **-3,617,807** | **-7,514,711** |
| **Total financial assets and liabilities** | **0** | **1,902,189** | **-2,401,122** | **-498,933** |

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

**1 January 2021**

| Amounts in TDKK | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Power – linear* | -11,472 | 152,098 | 298,192 | 438,818 |
| Power – non-linear* | 0 | 0 | -56,742 | -56,742 |
| Gas* | 195 | 560,974 | -101,331 | 459,838 |
| Other | 0 | 61,353 | 0 | 61,353 |
| **Total financial assets** | **-11,277** | **774,425** | **140,119** | **903,267** |
| **Non-financial assets** | | | | |
| Gas trading inventories at fair value | 0 | 303,153 | 123,877 | 427,030 |
| **Financial liabilities** | | | | |
| Power – linear* | 8,450 | -141,245 | -81,766 | -214,561 |
| Power – non-linear | 0 | 0 | -49,577 | -49,577 |
| Gas | -3,690 | -93,279 | -681,849 | -778,819 |
| Other | 0 | -121,412 | 0 | -121,412 |
| **Total financial liabilities** | **4,760** | **-355,936** | **-813,192** | **-1,164,368** |
| **Total financial assets and liabilities** | **-41,015** | **418,489** | **-673,073** | **261,101** |

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

Group
# Notes

## 19 Fair value of financial instruments – continued

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

| Amounts in TDKK | 2022 | 2021 | 1 January 2021 |
|---|---|---|---|
| 1st January | -2,401,121 | -673,074 | 858,304 |
| Transfers from level 2 to level 3 | 614,101 | -231,968 | -207,189 |
| Transfers from level 3 to level 2 | 2,255,748 | 0 | 0 |
| Settlements | -702,683 | 652,854 | -678,112 |
| Total realised and unrealised (losses)/Gains recognised through profit or loss | -2,811,435 | -2,148,933 | -646,077 |
| **31st December** | **-3,045,390** | **-2,401,121** | **-673,074** |

Transfers between levels are deemed to occur at the beginning of the reporting period. Settlements comprise January 1st values realised during the year.

**(b) Valuation techniques used to derive Level 2 and Level 3 fair values and Group valuation process**
Level 2 financial assets and liabilities consists of exchange traded futures and 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 (i.e. with contract length between 0 and 3 years depended on the market). Level 2 contracts are fair valued through standard valuation techniques, using quoted prices or prices derived from quoted prices for the relevant commodities. The obtained market values are discounted back to present value. Bid/offer and CVA reserves are calculated on a portfolio level and included in L2 assets, and not pushed down to the individual trade.

Linear Level 3 Power and level 3 Gas derivatives consist of OTC traded power capacities, and 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 then fair valued through standard valuation techniques, using derived prices. The obtained market values are discounted back to present value.

Non-linear Level 3 contracts consist of contracts containing optionality or volume flexibility. Valuation of these is based on internal standard simulation models, using derived prices, 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 derivatives for financial reporting purposes, including Level 3 valuations. The Group has an independent team that derives future commodity price curves based on available external data and these prices feed 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 derivatives, together with other contracts that are not within the scope of IFRS 9, are also reviewed regularly as part of the overall risk management process. The price curves used when valuing level 3 derivatives has pricing ranging from 312 DKK to 734 DKK pr. MW for Nordic Power, 305 DKK  to 954 DKK pr. MW for Continental Power, 805 DKK to 979 DKK pr. MW for UK Power and 581 DKK to 618 DKK pr. MW for European gas. The Group adjusts the market value of derivative 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. 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 455 mDKK as of 31.12.2022 and 140 mDKK as of 31.12.2021.

Because the Level 3 energy derivative valuations involve the prediction of future commodity market prices, sometimes a long way into the future, reasonably possible alternative assumptions for gas or power prices may result in a higher or lower fair value for Level 3 financial instruments. The impact of reasonably possible changes in commodity prices on profit and loss are included in note 18. Other than commodity prices there are no other unobservable inputs which would have a material impact.

The fair values disclosed only concern contracts within the scope of IFRS 9. Centrica Energy Trading also holds contracts outside the scope of IFRS 9. Such contracts are not fair valued.

**Transfers in fair value hierarchy**
During the year a new and improved model for valuation of specific contracts was implemented. Using the new model profile risk in these contracts have gone from being modelled as static, to being revalued on an ongoing basis, using internally developed models and market input. Using this new model, unobservable inputs are included to account for the non-linearity of the contracts. Due to this, contracts which were previously classified as Level 2 are transferred to Level 3.

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

**(c) Day-one gain or loss deferred**
Where the fair value at initial recognition for such contracts differs from the 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. See section 19 (b) for further information regarding valuation techniques.

Group

# Notes

## 19 Fair value of financial instruments – continued

**Day-one gain or loss deferred**

| Amounts in TDKK | 2022 | 2021 | 1 January 2021 |
|---|---|---|---|
| 1st January | 893,201 | 262,683 | 191,261 |
| Adjustment to opening balance* | 107,058 | 0 | 80,501 |
| Net gain/loss deferred on purchases in the year | 3,236,527 | 644,519 | 26,601 |
| Net amounts recognised in the income statement | -1,779,363 | -14,001 | -35,680 |
| **31st December** | **2,457,423** | **893,201** | **262,683** |

* Adjustment to opening balance relates to corrections of existing contracts.

## 20 Related party transactions

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

| Amounts in TDKK | 2022 | 2021 |
|---|---|---|
| **Transactions with related parties** | | |
| Sales of goods and services to group enterprises* | 3,997,231 | 2,139,244 |
| Purchases of goods and services to group enterprises* | 6,062,986 | 2,454,845 |
| Purchases of goods and services from parent companies* | 44,284 | 0 |
| Financial income from parent companies | 13,437 | 108,766 |
| Financial income from associates | 218 | 241 |
| **Related party balances as of 31st December** | | |
| Receivables from parent companies** | 1,585,751 | 0 |
| Receivables from group enterprises* | 2,120,696 | 189,186 |
| Receivables from associates | 5,425 | 5,208 |
| Payables to parent companies** | 10,475 | 1,287,964 |
| Payables to group enterprises* | 0 | 1,020,977 |

* Sales to and purchases from related parties, including receivables and payables in this regard, is carried out on EFET terms.
** Receivables from parent companies mainly relates to distribution of surplus liquidity in the Centrica Group.

## 20 Related party transactions – continued

**Key management remuneration**

Key management personal comprise of CEO*, COO and CFO at 31 December 2022 (2021:3).

**Remuneration of key management personnel**

| Amounts in TDKK | 2022 | 2021 |
|---|---|---|
| Short-term benefits** | 5,811 | 3,530 |
| Post-employment benefits | 89 | 83 |
| Share-based payments | 19 | 0 |
| **Total** | **5,919** | **3,613** |

* Remuneration is included as a proportion of remuneration paid from the overlying parent company
** Short-term benefits comprise base salary, company car scheme, cash bonusses etc.

**Remuneration to board of directors**

| Amounts in TDKK | 2022 | 2021 |
|---|---|---|
| Total remuneration to board of directors | 60 | 60 |
| **Total** | **60** | **60** |

**Share savings programme**

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

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 2,340,615 shares were granted at an average price of 89.11 pence per share. No shares where granted in 2021. 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 | 2022 | 2021 |
|---|---|---|
| Number of outstanding shares as of 1st January | 10,176 | 10,176 |
| Number of shares granted during the period | 2,340,615 | 0 |
| **Number of outstanding shares as of 31st December** | **2,350,791** | **10,176** |

Group

# Notes

## 21 Auditors' remuneration

| Amounts in TDKK | 2022 | 2021 |
|---|---|---|
| Statutory audit | 785 | 1,368 |
| Other services | 290 | 115 |
| **Total** | **1,075** | **1,483** |

## 22 Related undertakings

The Group has related undertakings in the UK, Germany, Singapore and Denmark. These are listed below.

**(a) 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 statements of its ultimate parent, Centrica Plc.

| 31 December 2022 | 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).

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

The consolidated financial statement of Centrica Plc. are available at Centrica's website: www.centrica.com.

## 22 Related undertakings – continued

**(b) Subsidiary undertakings**

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

| 31 December 2022 | 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 |

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

**(c) Joint arrangements**

| 31 December 2022 | Principal activity | Country of incorporation/ registered address key* | Class of shares held | Indirect interest and voting rights (%) |
|---|---|---|---|---|
| **Joint ventures** | | | | |
| Vindpark Keblowo ApS | Operation of an onshore windfarm | Denmark / E | 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 | Mariagervej 58B, DK 9500 Hobro, Denmark |

# Company Financial Statements

Company

# Income statement

| Amounts in TDKK | Note | 2022 | 2021 |
|---|---|---|---|
| **Trading income and revenue** | 5 | **34,375,916** | **14,094,263** |
| Cost of sales | | -28,937,859 | -13,280,098 |
| **Gross profit** | | **5,438,057** | **814,165** |
| Other operating income | | 71,168 | 47,125 |
| Other external expenses | | -173,658 | -96,716 |
| Staff costs | 6 | -650,258 | -288,276 |
| **Profit before amortisation and depreciation** | | **4,685,309** | **476,298** |
| Depreciation, amortisation and impairment losses | | -31,931 | -29,554 |
| **Operating profit** | | **4,653,378** | **446,744** |
| Income from investments in group enterprises using the equity method | | 1,033,093 | 67,948 |
| Income from investments in associates using the equity method | | 1,028 | -103 |
| Financial income | 7 | 14,652 | 113,816 |
| Financial expenses | 8 | -79,910 | -15,611 |
| **Profit before tax** | | **5,622,241** | **612,794** |
| Tax on profit | 9 | -966,456 | -122,562 |
| **Profit for the year** | | **4,655,785** | **490,232** |

Company

# Statement of comprehensive income

| Amounts in TDKK | Note | 2022 | 2021 |
|---|---|---|---|
| **Profit for the year** | | **4,655,785** | **490,232** |
| **Other comprehensive income** | | | |
| **Items that will be or have been reclassified to the Income Statement:** | | | |
| Exchange differences on translation of foreign operations | | 21,536 | 6,849 |
| **Other comprehensive income, net of taxation** | | **21,536** | **6,849** |
| **Total comprehensive income for the year** | | **4,677,321** | **497,081** |

Company

# Balance sheet

## Assets

| Amounts in TDKK | Note | 2022 | 2021 | 1 January 2021 |
|---|---|---|---|---|
| Development projects | | 61,795 | 59,314 | 55,170 |
| Development projects in progress | | 21,303 | 20,168 | 25,713 |
| **Intangible assets** | 10 | **83,098** | **79,482** | **80,883** |
| Land and buildings | | 111,671 | 114,475 | 118,259 |
| Plant and equipment | | 6,723 | 8,048 | 9,546 |
| Plant and equipment in progress | | 0 | 728 | 1,354 |
| **Property, plant and equipment** | 11 | **118,394** | **123,251** | **129,159** |
| Investments in group enterprises | 12 | 1,257,485 | 202,855 | 128,060 |
| Investments in associates | | 7,704 | 6,677 | 6,783 |
| **Investments accounted for using the equity method** | | **1,265,189** | **209,532** | **134,843** |
| **Non-current assets** | | **1,466,681** | **412,265** | **344,885** |
| Inventories | 13 | 2,552,725 | 1,678,748 | 490,316 |
| Trade receivables | 19 | 4,421,449 | 4,621,944 | 1,071,188 |
| Other receivables | | 0 | 9,031 | 36,110 |
| Deposits related to trading | | 2,078,434 | 3,120,375 | 334,488 |
| Receivables from group enterprises | | 2,429,558 | 188,975 | 655,474 |
| Receivables from associates | | 5,425 | 5,208 | 7,014 |
| Prepayments | | 150,673 | 71,590 | 60,059 |
| Derivative financial instruments | 19,20 | 7,939,582 | 7,015,778 | 903,267 |
| Cash and cash equivalents | | 3,241,638 | 987,591 | 417,091 |
| **Current assets** | | **22,819,484** | **17,699,240** | **3,975,007** |
| **Assets** | | **24,286,165** | **18,111,505** | **4,319,892** |

## Equity and liabilities

| Amounts in TDKK | Note | 2022 | 2021 | 1 January 2021 |
|---|---|---|---|---|
| Share capital | | 123,507 | 123,507 | 123,507 |
| Reserve for net revaluation according to the equity method | | 1,270,967 | 193,775 | 112,237 |
| Reserve for development costs | | 62,160 | 56,682 | 54,223 |
| Retained earnings | | 5,202,787 | 1,608,136 | 1,195,052 |
| **Equity** | 14 | **6,659,421** | **1,982,100** | **1,485,019** |
| Provision for deferred tax | 9 | 9,061 | 7,701 | 51,812 |
| Derivative financial instruments | 19,20 | 2,547,253 | 813,091 | 150,817 |
| Other payables | 15 | 20,194 | 20,328 | 16,860 |
| **Non-current liabilities** | | **2,576,508** | **841,120** | **219,489** |
| Trade payables | 19 | 4,787,019 | 3,638,929 | 1,155,391 |
| Other payables | | 481,893 | 211,601 | 105,383 |
| Deposits related to trading | | 3,162,595 | 1,380,289 | 127,639 |
| Debt to group enterprises | | 468,700 | 3,178,765 | 107,364 |
| Other provisions | 16 | 22,504 | 31,354 | 31,354 |
| Derivative financial instruments | 19,20 | 5,148,334 | 6,701,620 | 1,013,551 |
| Income tax payable | | 968,016 | 132,468 | 60,699 |
| Deferred income | | 11,175 | 13,259 | 14,003 |
| **Current liabilities** | | **15,050,236** | **15,288,285** | **2,615,384** |
| **Liabilities** | | **17,626,744** | **16,129,405** | **2,834,873** |
| **Equity and liabilities** | | **24,286,165** | **18,111,505** | **4,319,892** |

Company

# Statement of changes in equity

| Amounts in TDKK | Share capital | Reserve for net revaluation according to the equity method | Reserve for development costs | Retained earnings | Total |
|---|---|---|---|---|---|
| **2022** | | | | | |
| **Balance as of 01.01.2022** | **123,507** | **193,775** | **56,682** | **1,608,136** | **1,982,100** |
| Development costs | 0 | 0 | 5,478 | -5,478 | 0 |
| Share of profit/loss for the year | 0 | 1,055,656 | 0 | -1,055,656 | 0 |
| Profit/loss for the year | 0 | 0 | 0 | 4,655,785 | 4,655,785 |
| Other comprehensive income for the year | 0 | 21,536 | 0 | 0 | 21,536 |
| **Total comprehensive income for the year** | **0** | **1,077,192** | **5,478** | **3,594,651** | **4,677,321** |
| **Balance as of 31.12.2022** | **123,507** | **1,270,967** | **62,160** | **5,202,787** | **6,659,421** |
| **2021** | | | | | |
| **Balance as of 01.01.2021** | **123,507** | **112,237** | **54,223** | **1,032,551** | **1,322,518** |
| Adjustments related to IFRS conversion | 0 | 0 | 0 | 208,335 | 208,335 |
| Tax of adjustments related to IFRS conversion | 0 | 0 | 0 | -45,834 | -45,834 |
| **Restated balance as of 01.01.2022** | **123,507** | **112,237** | **54,223** | **1,195,052** | **1,485,019** |
| Development costs | 0 | 0 | 2,459 | -2,459 | 0 |
| Share of profit/loss for the year | 0 | 74,689 | 0 | -74,689 | 0 |
| Profit/loss for the year | 0 | 0 | 0 | 490,232 | 490,232 |
| Other comprehensive income for the year | 0 | 6,849 | 0 | 0 | 6,849 |
| **Total comprehensive income for the year** | **0** | **81,538** | **2,459** | **413,084** | **497,081** |
| **Balance as of 31.12.2021** | **123,507** | **193,775** | **56,682** | **1,608,136** | **1,982,100** |

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.

Company

# Cash flow statement

| Amounts in TDKK | Note | 2022 | 2021 |
|---|---|---|---|
| **Profit before tax** | | **5,622,241** | **612,794** |
| Adjustment of non-cash items | | -1,002,190 | 170,049 |
| **Operating profit adjusted for non-liquid items** | | **4,620,051** | **782,843** |
| Corporation tax paid | | -129,548 | -94,904 |
| **Changes in net working capital:** | | | |
| Receivables | | -195,544 | -14,029,533 |
| Inventories | | -873,977 | -1,396,767 |
| Payables | | 660,431 | 13,266,874 |
| **Net cash flow from operating activities** | | **4,081,413** | **-1,471,487** |
| **Investment in non-current assets:** | | | |
| Purchase of intangible assets | | -28,805 | -20,765 |
| Purchase of property, plant and equipment | | -1,885 | -1,480 |
| **Net cash flow from investing activities** | | **-30,690** | **-22,245** |
| Net change in group cashpool arrangements | | -1,796,676 | 2,064,232 |
| **Net cash flow from financing activities** | | **-1,796,676** | **2,064,232** |
| **Total net cash flow for the year** | | **2,254,047** | **570,500** |
| Cash at the beginning of the year | | 987,591 | 417,091 |
| **Cash at the end of the year** | | **3,241,638** | **987,591** |
| **Cash at end of year specified as follows:** | | | |
| Cash | | 3,241,638 | 987,591 |
| **Total** | | **3,241,638** | **987,591** |

Company

# Notes

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Company

# 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).

## 2 Basis of preparation and summery 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 5 "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**
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.

For all periods up to and including the year ended 31 December 2021, the Company prepared its Financial Statements in accordance with local generally accepted accounting principles (The Danish Financial Statements Act) including the use of International Financial Reporting Standards for recognition, measurement and presentation and disclosure of financial instruments in accordance with IFRS 7, IFRS 9 and IFRS 13. These Financial Statements for the year ended 31 December 2022 are the first the Company has prepared in accordance with IFRS. Refer to note 4 for information on how the company adopted IFRS. Centrica Energy Trading has prepared the Company Financial Statements in accordance with all IFRS standards effective at 31 December 2022, the transition date being 1 January 2021. The fiscal year for the Group is 1 January – 31 December.

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

**(b) Significant new accounting policies and reporting changes**
Refer to note 4 for comments relating to the implementation of the international Financial Reporting Standards and the effect on historically reported numbers.

## 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.

## 4 First time adoption

All reclassifications and remeasurements to the profit and loss statement and the balance sheet in the process of restating local GAAP financial statements into IFRS financial statements are identical for Group and Company.

Reference is made to note 4 "First time adoption" to the consolidated Financial Statements.

## 5 Trading income and revenue

| Amounts in TDKK | 2022 | 2021 |
|---|---|---|
| **Trading income, net** | | |
| Trading income | 5,670,916 | -982,655 |
| Net change in fair value of commodity derivatives and inventory held for trading | 1,969,633 | 1,659,533 |
| **Revenue from contracts with customers** | | |
| Sales of climate certificates | 1,252,512 | 1,010,076 |
| Sales of power and energy related services | 25,482,855 | 12,407,309 |
| **Trading income and revenue** | **34,375,916** | **14,094,263** |

More than 90% of Centrica Energy Trading A/S's revenue is within the segment of proprietary trading, and as a result we have not split revenue into segments.

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.

Company

# Notes

## 6 Staff costs

| Amounts in TDKK | 2022 | 2021 |
|---|---|---|
| Wages and salaries | 623,994 | 265,133 |
| Pension costs | 16,168 | 13,951 |
| Other social security costs | 3,164 | 2,763 |
| Other staff costs | 6,932 | 6,429 |
| **Total** | **650,258** | **288,276** |
| **Average number of employees** | **347** | **310** |

## 7 Financial income

| Amounts in TDKK | 2022 | 2021 |
|---|---|---|
| Interest income from group enterprises | 4,118 | 103,048 |
| Interest income from associates | 218 | 241 |
| Exchange rate adjustments | 0 | 10,419 |
| Other interest income | 10,316 | 108 |
| **Total** | **14,652** | **113,816** |

## 8 Financial expenses

| Amounts in TDKK | 2022 | 2021 |
|---|---|---|
| Interest expenses from group enterprises | 1,977 | 156 |
| Guarantee provision | 1,879 | 1,637 |
| Exchange rate adjustments | 20,760 | 0 |
| Interest expenses* | 55,294 | 13,818 |
| **Total** | **79,910** | **15,611** |

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

## 9 Tax on profit from ordinary activities

| Amounts in TDKK | 2022 | 2021 |
|---|---|---|
| Tax on current year taxable income | 1,009,633 | 119,810 |
| Change in deferred tax for the year | 1,360 | -2,098 |
| Correction to current tax, previous years | -44,537 | 1,029 |
| Correction to deferred tax, previous years | 0 | 3,821 |
| **Total** | **966,456** | **122,562** |
| Deferred tax is computed at 22% and is broken down as follows: | | |
| Intangible assets | 18,281 | 17,485 |
| Plant and equipment | -4,269 | -2,886 |
| Current assets | -4,951 | -6,898 |
| **Total provision for deferred tax, closing balance** | **9,061** | **7,701** |
| Total provision for deferred tax, opening balance | 7,701 | 5,978 |
| **Provision for deferred tax for the year** | **1,360** | **1,723** |
| The total contribution for the year is specified as follows: | | |
| Profit for the year before tax | 4,589,148 | 544,846 |
| Adjustments (non-deductable) | 6,275 | -9,791 |
| Tax on profit/loss for the year | 1,010,993 | 117,712 |
| **Effective tax rate** | **22.0%** | **21.6%** |
| **Tax on profit (loss) for the year can be explained as follows:** | | |
| Calculated tax (22 %) | 1,009,613 | 119,866 |
| Calculated tax in foreign subsidiaries in relation to 22 % | 0 | 0 |
| Non-deductible costs and non-taxable income | 1,380 | -2,154 |
| **Effective tax for the year** | **1,010,993** | **117,712** |

Company

# Notes

## 10 Intangible assets

| Amounts in TDKK | 2022 | 2021 |
|---|---|---|
| **Development projects** | | |
| Cost price as of 01.01.2022 | 217,967 | 192,810 |
| Transfers during the year | 27,670 | 26,310 |
| Disposals during the year | 0 | -1,153 |
| **Cost price as of 31.12.2022** | **245,637** | **217,967** |
| Amortisations as of 01.01.2022 | 158,653 | 137,640 |
| Amortisations during the year | 25,189 | 21,461 |
| Reversal of amortisations on disposals in the year | 0 | -448 |
| **Amortisations as of 31.12.2022** | **183,842** | **158,653** |
| **Book value as of 31.12.2022** | **61,795** | **59,314** |
| **Development projects in progress** | | |
| Cost price as of 01.01.2022 | 20,168 | 25,713 |
| Additions during the year | 28,805 | 20,765 |
| Transfers during the year | -27,670 | -26,310 |
| **Cost price as of 31.12.2022** | **21,303** | **20,168** |
| **Book value as of 31.12.2022** | **21,303** | **20,168** |
| **Booked value intangible assets as of 31.12.2022** | **83,098** | **79,482** |

Development projects consists of own developed software. The software is supporting the Asset Management business as well as the trading area (ETRM systems and Algo trading).

## 11 Property, plant and equipment

| Amounts in TDKK | 2022 | 2021 |
|---|---|---|
| **Land and buildings** | | |
| Cost price as of 01.01.2022 | 128,039 | 128,039 |
| Transfers during the year | 988 | 0 |
| **Cost price as of 31.12.2022** | **129,027** | **128,039** |
| Depreciation as of 01.01.2022 | 13,564 | 9,780 |
| Depreciation during the year | 3,792 | 3,784 |
| **Depreciation as of 31.12.2022** | **17,356** | **13,564** |
| **Book value as of 31.12.2022** | **111,671** | **114,475** |
| **Plant and equipment** | | |
| Cost price as of 01.01.2022 | 28,341 | 26,235 |
| Transfers during the year | 1,625 | 2,106 |
| **Cost price as of 31.12.2022** | **29,966** | **28,341** |
| Depreciation as of 01.01.2022 | 20,293 | 16,689 |
| Depreciation during the year | 2,950 | 3,604 |
| **Depreciation as of 31.12.2022** | **23,243** | **20,293** |
| **Book value as of 31.12.2022** | **6,723** | **8,048** |
| **Plant and equipment in progress** | | |
| Cost price as of 01.01.2022 | 728 | 1,354 |
| Additions during the year | 1,884 | 1,480 |
| Transfers during the year | -2,612 | -2,106 |
| **Cost price as of 31.12.2022** | **0** | **728** |
| Depreciation as of 01.01.2022 | 0 | 0 |
| **Depreciation as of 31.12.2022** | **0** | **0** |
| **Book value as of 31.12.2022** | **0** | **728** |
| **Booked value property, plant and equipment as of 31.12.2022** | **118,394** | **123,251** |

Company

# Notes

## 12 Investments accounted for using the equity method

| Amounts in TDKK | 2022 | 2021 |
|---|---|---|
| **Investment in group enterprises** | | |
| Cost price as of 01.01.2022 | 11,135 | 11,135 |
| **Cost price as of 31.12.2022** | **11,135** | **11,135** |
| Value adjustments as of 01.01.2022 | 191,720 | 116,925 |
| Share of profit/loss for the year | 1,033,094 | 67,948 |
| Exchange rate adjustments | 21,536 | 6,847 |
| **Value adjustments as of 31.12.2022** | **1,246,350** | **191,720** |
| **Book value as of 31.12.2022** | **1,257,485** | **202,855** |

## 13 Inventories

Refer to note 13 "Inventories" to the consolidated financial statements.

## 14 Distribution of profit for the year

| Amounts in TDKK | 2022 | 2021 |
|---|---|---|
| **Proposed distribution of profit:** | | |
| Retained earnings | 4,655,785 | 490,232 |
| **Total** | **4,655,785** | **490,232** |

## 15 Other payables (non-current)

Refer to note 14 "Other payables (non-current)" to the consolidated financial statements.

## 16 Other provisions

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

## 17 Commitments and leases

**(a) Commitments and leases**

Commitments are not held on the Company'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 | 2022 | 2021 |
|---|---|---|
| Commitments in relation to leases | 15,205 | 4,013 |
| Commodity purchase contracts | 31,302,379 | 18,366,315 |
| Transportation capacity | 1,320,142 | 539,694 |
| **Total** | **32,637,726** | **18,910,022** |

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

| Amounts in TDKK | 2022 | 2021 |
|---|---|---|
| Within 1 year | 21,262,794 | 12,828,228 |
| 1-2 years | 3,650,941 | 1,441,845 |
| 2-3 years | 2,339,583 | 785,745 |
| 3-4 years | 1,108,334 | 694,673 |
| 4-5 years | 864,153 | 578,396 |
| After 5 years | 3,411,921 | 2,581,135 |
| **Total** | **32,637,726** | **18,910,022** |

**(b) Guarantees**

| Amounts in TDKK | 2022 | 2021 |
|---|---|---|
| The Company's banks have provided guarantees for contractual obligations guarantees at the balance sheet date amounted to | | |
| | **1,212,432** | **1,026,956** |

**(c) Contingent liabilities**

The Company 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.

Company

# Notes

## 18 Financial assets and liabilities by category

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

| Amounts in TDKK | 2022 | 2021 | 1 January 2021 |
|---|---|---|---|
| Derivative financial instruments* | 7,939,582 | 7,015,778 | 903,267 |
| **Financial assets measured at fair value through profit/loss** | **7,939,582** | **7,015,778** | **903,267** |
| Trade receivable | 4,421,449 | 4,621,944 | 1,071,188 |
| Deposits related to trading | 2,078,434 | 3,120,375 | 334,488 |
| Receivables from group enterprises | 2,429,558 | 188,975 | 655,474 |
| Cash and cash equivalents | 3,241,638 | 987,591 | 417,091 |
| **Financial assets measured at amortised cost** | **12,171,079** | **8,918,885** | **2,478,241** |
| Derivative financial instruments* | 7,695,587 | 7,514,711 | 1,164,368 |
| **Financial liabilities measured at fair value through profit/loss** | **7,695,587** | **7,514,711** | **1,164,368** |
| Trade payables | 4,787,019 | 3,638,929 | 1,155,391 |
| Deposits related to trading | 3,162,595 | 1,380,289 | 127,639 |
| Debt to group enterprises | 468,700 | 3,178,765 | 107,364 |
| **Financial liabilities measured at amortised cost** | **8,418,314** | **8,197,983** | **1,390,394** |

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

## 19 Financial risk management – continued

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

**2022**

| Amounts in TDKK | Ultimo 2022 | 2023 | 2024 | 2025 | After 2025 |
|---|---|---|---|---|---|
| Trade payables | 4,787,019 | 4,787,019 | 0 | 0 | 0 |
| Debt to Group enterprises | 468,700 | 468,700 | 0 | 0 | 0 |
| Fair value of physical and financial instruments | 7,695,587 | 5,148,555 | 747,684 | 401,388 | 1,397,960* |
| **Total** | **12,951,306** | **10,404,274** | **747,684** | **401,388** | **1,397,960** |

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

**2021**

| Amounts in TDKK | Ultimo 2021 | 2022 | 2023 | 2024 | After 2024 |
|---|---|---|---|---|---|
| Trade payables | 3,638,929 | 3,638,929 | 0 | 0 | 0 |
| Debt to Group enterprises | 3,178,765 | 3,178,765 | 0 | 0 | 0 |
| Fair value of physical and financial instruments | 7,514,711 | 6,701,620 | 534,816 | 115,448 | 162,827 |
| **Total** | **14,332,405** | **13,519,314** | **534,816** | **115,448** | **162,827** |

**1 January 2021**

| Amounts in TDKK | 1 January 2021 | 2021 | 2022 | 2023 | After 2023 |
|---|---|---|---|---|---|
| Trade payables | 1,155,391 | 1,155,391 | 0 | 0 | 0 |
| Debt to Group enterprises | 107,364 | 107,364 | 0 | 0 | 0 |
| Fair value of physical and financial instruments | 1,164,368 | 1,024,712 | 116,665 | -3,796 | 26,787 |
| **Total** | **2,427,123** | **2,287,467** | **116,665** | **-3,796** | **26,787** |

**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.

Company

# Notes

## 19 Financial risk management – continued

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

**2022**

| Amounts in TDKK | Trade receivable | Fair value of physical and financial instruments | Total |
|---|---|---|---|
| **The credit quality of the Company's counterparties** | | | |
| Minimal risk (Rated A) | 1,423,978 | 1,506,833 | **2,930,811** |
| Low risk (Rated B) | 2,827,093 | 5,883,114 | **8,710,207** |
| High risk (Rated C) | 170,378 | 549,635 | **720,013** |
| **Total** | **4,421,449** | **7,939,582** | **12,361,031** |

**2021**

| Amounts in TDKK | Trade receivable | Fair value of physical and financial instruments | Total |
|---|---|---|---|
| **The credit quality of the Company's counterparties** | | | |
| Minimal risk (Rated A) | 1,606,842 | 1,056,545 | **2,663,387** |
| Low risk (Rated B) | 2,963,720 | 5,852,354 | **8,816,074** |
| High risk (Rated C) | 51,382 | 106,879 | **158,261** |
| **Total** | **4,621,944** | **7,015,778** | **11,637,722** |

**1 January 2021**

| | Trade receivable | Fair value of physical and financial instruments | Total |
|---|---|---|---|
| **The credit quality of the group's counterparties** | | | |
| Minimal risk (Rated A) | 501,354 | 150,932 | **652,286** |
| Low risk (Rated B) | 538,572 | 749,391 | **1,287,963** |
| High risk (Rated C) | 31,262 | 2,944 | **34,206** |
| **Total** | **1,071,188** | **903,267** | **1,974,455** |

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

**2022**

| | | | | Related amounts not set off in the Company balance sheet | |
|---|---|---|---|---|---|
| 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 | Collateral | Net amount |
| **Offsetting of financial assets** | | | | | |
| Trade receivables | 16,579,446 | 12,157,997 | 4,421,449 | 0 | 4,421,449 |
| Receivables from group enterprises, current portion | 21,272,313 | 18,842,755 | 2,429,558 | 0 | 2,429,558 |
| Fair value of physical and financial instruments | 65,405,974 | 57,466,392 | 7,939,582 | 3,162,595 | 4,776,987 |
| **Total** | **103,257,733** | 88,467,144 | **14,790,589** | **3,162,595** | **11,627,994** |
| **Offsetting of financial liabilities** | | | | | |
| Trade payables | 16,945,016 | 12,157,997 | 4,787,019 | 279,945 | 4,507,074 |
| Payables to group enterprises | 19,311,455 | 18,842,755 | 468,700 | 0 | 468,700 |
| Fair value of physical and financial instruments | 65,161,980 | 57,466,392 | 7,695,587 | 1,493,194 | 6,202,393 |
| **Total** | **101,418,451** | **88,467,144** | **12,951,306** | **1,773,139** | **11,178,167** |

Company
# Notes

## 19 Financial risk management – continued

### 2021

| 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 |
|---|---|---|---|---|---|
| **Offsetting of financial assets** | | | | | |
| Trade receivables | 13,251,156 | 8,629,212 | 4,621,944 | 0 | 4,621,944 |
| Receivables from group enterprises, current portion | 5,745,889 | 5,556,914 | 188,975 | 0 | 188,975 |
| Fair value of physical and financial instruments | 92,670,891 | 85,655,113 | 7,015,778 | 1,380,289 | 5,635,489 |
| **Total** | **111,667,936** | **99,841,239** | **11,826,697** | **1,380,289** | **10,446,408** |
| **Offsetting of financial liabilities** | | | | | |
| Trade payables | 12,268,141 | 8,629,212 | 3,638,929 | 58,064 | 3,580,865 |
| Payables to group enterprises | 8,735,679 | 5,556,914 | 3,178,765 | 0 | 3,178,765 |
| Fair value of physical and financial instruments | 93,169,824 | 85,655,113 | 7,514,711 | 1,402,335 | 6,112,376 |
| **Total** | **114,173,644** | **99,841,239** | **14,332,405** | **1,460,399** | **12,872,006** |

### 1 January 2021

| 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 |
|---|---|---|---|---|---|
| **Offsetting of financial assets** | | | | | |
| Trade receivables | 5,053,615 | 3,982,427 | 1,071,188 | 0 | 1,071,188 |
| Receivables from group enterprises, current portion | 1,278,285 | 622,811 | 655,474 | 0 | 655,474 |
| Fair value of physical and financial instruments | 7,308,342 | 6,405,075 | 903,267 | 127,639 | 775,628 |
| **Total** | **13,640,242** | **11,010,313** | **2,629,929** | **127,639** | **2,502,290** |
| **Offsetting of financial liabilities** | | | | | |
| Trade payables | 5,137,818 | 3,982,427 | 1,155,391 | 43,226 | 1,112,165 |
| Payables to group enterprises | 622,811 | 622,811 | 0 | 0 | 0 |
| Fair value of physical and financial instruments | 7,569,443 | 6,405,075 | 1,164,368 | 243,151 | 921,217 |
| **Total** | **13,330,072** | **11,010,313** | **2,319,759** | **286,377** | **2,033,382** |

Company

# Notes

## 19 Financial risk management – continued

**Capital risk management**

The company 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 | 2022 | 2021 | 1 January 2021 |
|---|---|---|---|
| Debt | 9,931,157 | 8,614,694 | 1,670,505 |
| Cash and cash equivalents | 3,241,638 | 987,591 | 417,091 |
| **Net debt** | **6,689,519** | **7,627,103** | **1,253,414** |
| **Equity** | **6,659,421** | **1,982,100** | **1,485,019** |
| **Net debt to equity ratio (%)** | **100%** | **385%** | **84%** |

Debt levels are restricted to maintain a strong credit profile. The company's credit standing is important to limit collateral requirements in energy trading and hedging, and to ensure the company is an attractive counterparty to energy producers and long-term customers. The decrease in net debt in the year is primarily due to the operating profit in the year, decreasing the need for funding from the parent company.

## 20 Fair value of financial instruments

Reference is made to note 19 “Fair value instruments” to the consolidated Financial Statement.

## 21 Related party transactions

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

| Amounts in TDKK | 2022 | 2021 |
|---|---|---|
| **Transactions with related parties** | | |
| Sales of goods and services to group enterprises* | 3,997,231 | 2,139,244 |
| Sales of goods and services to subsidiaries* | 49,555 | 17,646 |
| Purchases of goods and services to group enterprises* | 6,062,986 | 2,454,845 |
| Purchases of goods and services from subsidiaries* | 8,242,683 | 3,551,082 |
| Purchases of goods and services from parent companies* | 44,284 | 0 |
| Financial income from parent companies | 4,118 | 102,831 |
| Financial income from subsidiaries | 0 | 217 |
| Financial income from associates | 218 | 241 |
| Financial expenses to subsidiaries | 1,977 | 156 |
| **Related party balances as of 31st December** | | |
| Receivables from parent companies** | 309,221 | 0 |
| Receivables from group enterprises* | 2,120,337 | 188,975 |
| Receivables from associates | 5,425 | 5,208 |
| Payables to parent companies** | 4,084 | 1,487,609 |
| Payables to group enterprises* | 38,752 | 1,044,413 |
| Payables to subsiduaries | 425,865 | 646,743 |

* Sales to and purchases from related parties, including receivables and payables in this regard, is carried out on EFET terms.

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

Company

# Notes

## 21 Related party transactions – continued

**Key management remuneration**

Key management personal comprise of CEO*, COO and CFO at 31 December 2022 (2021:3).

**Remuneration of key management personal**

| Amounts in TDKK | 2022 | 2021 |
|---|---|---|
| Short-term benefits** | 5,811 | 3,530 |
| Post-employment benefits | 89 | 83 |
| Share-based payments | 19 | 0 |
| **Total** | **5,919** | **3,613** |

* Remuneration is included as a proportion of remuneration paid from the overlying parent company
** Short-term benefits comprise base salary, company car scheme, cash bonusses etc.

**Remuneration of board of directors**

| Amounts in TDKK | 2022 | 2021 |
|---|---|---|
| Total remuneration to board of directors | 60 | 60 |
| **Total** | **60** | **60** |

## 21 Related party transactions – continued

**Share savings programme**

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

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 2,340,615 shares were granted at an average price of 89.11 pence per share. No shares where granted in 2021. 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 | 2022 | 2021 |
|---|---|---|
| Number of outstanding shares as of 1st January | 10,176 | 10,176 |
| Number of shares granted during the period | 2,340,615 | 0 |
| **Number of outstanding shares as of 31st December** | **2,350,791** | **10,176** |

## 22 Auditors' remuneration

| Amounts in TDKK | 2022 | 2021 |
|---|---|---|
| Statutory audit | 660 | 481 |
| Other services | 290 | 115 |
| **Total** | **950** | **596** |

## 23 Related undertakings

Reference is made to note 22 "Related undertakings" to the consolidated Financial Statement.

centrica

Energy Trading